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PART XVII.

FURTHER CORRESPONDENCE

RESPECTING THE

FINANCES OF TURKEY.

190

1896.

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CONFIDENTIAL.

Further Correspondence respecting the Finances of Turkey.

PART XVII.

No. 1.

Sir P. Currie to the Marquess of Salisbury.—(*Received January* 2.)

(No. 3. Confidential.)
(Telegraphic.) P. *Constantinople, January* 2, 1896, 11·30 A.M.

I WAS told this morning by Sir Edgar Vincent, who leaves for Vienna to-day, that, by assigning to the Council of the Debt revenues sufficient to meet interest and sinking fund, the Turkish Government could obtain a loan of 2 or 3 millions at 7 or 8 per cent. Vincent thinks the Sultan will eventually give his consent, though hitherto he has refused.

No. 2.

Sir P. Currie to the Marquess of Salisbury.—(*Received April* 20.)

(No. 290.)
My Lord, *Constantinople, April* 15, 1896.

I HAVE the honour to transmit to your Lordship herewith copy of a Memorandum by Mr. Block respecting the payment of the Russian war indemnity.

As your Lordship is aware, the Russian Government have more than once put very serious pressure on the Porte for payment of the arrears. Now, however, though the deficiency is far more considerable than it has ever been before, the Porte is treated with great leniency, and hardly any notice taken of the failure to pay.

I have, &c.
(Signed) PHILIP CURRIE.

Inclosure in No. 2.

Memorandum by Mr. Block.

THE amount of the war indemnity was originally £ T. 350,000 per annum for 100 years.

Encashments have been for—

	£ T.
1883	125,146·16
1884	298,109·54
1885	292,436·77
1886	241,455·51
1887	177,828·99
1888	110,856·26
1889	228,881·25
1890	360,173·34
1891	355,245·69
1892	327,481·50
1893	344,130·30
1894	300,064·20
1895	261,349·08
	3,423,158·59

Total for 13 years to the 31st December, 1896 (o. s.).

At the end of 1888 the arrears had become so considerable that a further arrangement was come to between the two Governments, whereby further revenues were set aside to pay off the arrears by an annuity of £ T. 100,000, but since that time only £ T. 546,640 have been paid off under this head.

	£ T.
The total amount due in 13 years at £ T. 350,000 = ...	4,550,000·00
Of this sum only	3,423,158·59
Have been encashed, leaving due	1,126,841·41
Of this a sum of	546,640·00
Have been paid off by the extra annuity set aside, viz., £T. 100,000	
Leaving arrears due	580,201·00
On the original amount of annual indemnity up to date.	

In round numbers, the amount per month of original annuity is £ T. 29,000. In 1894 the monthly average paid was £ T. 25,000, and in 1895, £ T. 22,000. During the present year in January (o. s.), £ T. 18,648·55 only were encashed, and in February (o. s.), £ T. 16,273·86; total = £ T. 34,922·41, at the rate (say) of £ T. 210,000 for 1896 = £ T. 17,500 per month.

No. 3.

Sir P. Currie to the Marquess of Salisbury.—(Received April 27.)

(No. 303.)

My Lord, *Pera, April 19, 1896.*

I HAVE the honour to transmit, for your Lordship's information, a copy of a Report by Mr. Vincent Caillard on the financial position of the Turkish Empire and on the attitude which should, in his opinion, be taken by the Council of the Public Debt in regard to the issue of new loans.

I have, &c.
(Signed) PHILIP CURRIE.

Inclosure in No. 3.

Report by Mr. Caillard.

THE conclusion by the Turkish Government of the recent loan of 3,000,000*l.*, to which the Public Debt Council was called upon to lend its name, by the collection of certain of the revenues assigned as security, and the general control of others (according to Article 8 of the Contract of the said loan), makes it more than ever clear that the time has now come for the Public Debt Council and the Syndicates which appoint its members, to very seriously consider what should be the attitude of the said Council in regard to future operations of a similar nature.

Two chief questions of principle have to be considered:—

1. Should the Public Debt Council consent to lend its assistance in any similar operation in the future?

2. If so, under what conditions?

1. It was no doubt, in its inception, a wise policy to extend the responsibilities of the Council, both in the way of facilitating the construction of railways, which are most necessary for the development of the country, and therefore of the revenues, as well as the conclusion of loans for the purpose of, if possible, setting the Turkish Treasury itself on a sounder financial basis.

It must be, however, remarked, in so far as the loans are concerned, that hitherto they either necessitated no fresh charge upon the present revenues of the Government, or were secured upon entirely new resources. An instance of the former category was the 4 per Cent. Osmanié Consolidated Loan, raised in 1890, of an amount of £ T. 5,000,000 The object of this was to consolidate and pay off an irregular floating debt, chiefly represented by "Schims," which was estimated as costing the Turkish Government about £ T. 300,000 a-year, whereas not only is the annual charge for the Consolidation

Loan only £ T. 250,000 a-year, but the Government was placed in funds to an additional nominal amount of £ T. 2,500,000.

Of the second category, the Tumbéki Priority Loan is a good example. It amounted to £ T. 1,000,000, and was secured on the annual *redevance* from the Tumbéki Monopoly Company of £ T. 40,000, only £ T. 10,000 a-year being added from the Customs for the sinking fund. The recent loan, however, no longer follows this excellent principle. It is true that the revenues assigned to it were already previously engaged to a partial extent for the service of the "Raccordements" Loan, now paid off with part of its proceeds. But £ T. 94,000 per annum form a new and additional charge upon the revenues of the Treasury.

It is perhaps unnecessary for me to state that this Treasury labours under a regular annual deficit. What the amount of this deficit may exactly be is not known to anybody outside the Government, probably to nobody within it. Nor will a study of the Budget, however carefully made, be a true guide to the situation, there being, under this autocratic Government, many and various expenses which never find their way into the Budget at all. But the annual deficit is reasonably estimated as fluctuating between £ T. 800,000 and £ T. 1,200,000, and to the best of my information, these estimates are pretty correct. In a good year the deficit would be about £ T. 800,000, and in a bad year between £ T. 1,000,000 and £ T. 1,200,000. The deficit is practically wiped off by the simple method of the Government only partly paying its officials and its soldiers, and leaving such creditors as it can unpaid. But this does not render the situation any the more healthy. Even to pay its way in this unsatisfactory manner, the Government is obliged to have recourse to extraordinary resources.

The following Table shows the extraordinary resources of which the Government has been able to avail itself in the last six years:—

TABLE.

Year.		Nominal Capital of New Loans.	Repayment of outstanding Loans (nominal).	Nominal Amounts remaining.	Firm Price.	Cash Amounts at disposal of Government.
		£ T.	£ T.	£ T.	Per cent.	£ T.
1890	Osmanié 4 per Cent.	5,000,000	2,500,000	2,500,000	76	1,900,000
1891	Defence Loan (5 per Cent.) 1887, converted into 4 per Cent. ..	6,948,612	5,238,000	1,710,612	90	1,539,550
1893	Priorities (Tombac), 4 per Cent. ..	1,000,000	..	1,000,000	70	700,000
1894	Ottoman Loans 1854 (5 per Cent.) and 1871 (4½ per Cent.), converted into 3½ per Cent. ..	9,033,574	8,396,700	636,874	91	580,000
1894	Railway Loan	1,760,000	1,230,000	530,000	73½	390,000
1896	Ottoman Loan (3 per Cent.) 1896	3,272,720	975,000	2,297,720	85	1,953,079
		27,014,906	18,339,700	8,675,206		7,062,629

It will be observed that the total extraordinary resources in cash which have been placed at the disposal of the Turkish Government between 1890–96 amount to £ T. 7,062,629. From this it is necessary to deduct an extraordinary expenditure upon the rearmament of the military forces with Mauser rifles and Krupp guns, amounting roughly to £ T. 3,300,000, leaving a net cash amount of, in round figures, £ T. 3,760,000. In other words, the Turkish Treasury has spent, over and above its ordinary revenue, and exclusive of extraordinary expenditure upon rearmament, extraordinary revenue of an average amount of £ T. 620,000 per annum, without, nevertheless, being able to make the two ends meet within a distance of between £ T. 800,000 and £ T. 1,200,000.

The railway guarantees can, unfortunately, for the present only tend to aggravate the situation. It will no doubt be recollected how strong was the opposition of the English Delegate to the increase of the Railway Guarantees on the occasion about two years ago of the Angora–Konia, Allashehr–Karahissar (Smyrna–Kassala), Salonica–Dédéagatch, and Damascus-Biredjik Railway Concessions being granted

The views which he then expressed have since been entirely corroborated by the facts, as was shown especially last year by the incidents which occurred in regard to the Railway Guarantees. It cannot then be noted without concern that, whereas those guarantees amounted in all in the past year to a total sum of £ T. 488,000, the amount which will become payable at the close of the current year, according to the accounts presented by the Railway Companies themselves, will form a total of about £ T. 766,000, and that when all the lines under construction will be completed, the Guarantees, at a reasonable estimate, will necessitate the still greater total expenditure of £ T. 867,000.

It is thus established that, although leaving a large annual deficit uncovered, the Turkish Government is, over and above that deficit, living much beyond its means. To create fresh loans with the object of stopping gaps which are certain to recur every few months, and to charge them upon those insufficient means is simply, by diminishing the latter, to render the situation more and more difficult. The deficit will be increased and loans become of more rapid occurrence. The end of such a policy would be to land Turkey in a second financial disaster, possibly worse than the first. It is absolutely undesirable that the Public Debt Council should assist in carrying out such a disastrous policy as this, and it should formally refuse to consent to administer or collect any further revenues for account of the Turkish Government, either for railway guarantees or for loans, until the situation is very greatly improved. The real and only remedy to be sought for is the creation of fresh sources of revenue. This a quite possible object to be attained, but the attainment necessarily rests very much with the Turkish Government itself. It cannot unfortunately be hoped that the latter will really and effectively move in this direction until it is absolutely forced to do so by the pressure of circumstances, nor that it will make any serious effort if fatal facilities for raising money on false principles are provided for it. Whilst, therefore, the Public Debt Council might possibly be exposed to being viewed with disfavour by the Turkish Government if it were to refuse its aid as here recommended, it is evident that not only would its refusal be dictated by its clear duty, but that it would thus render the best service to the Turkish Empire.

2. It might be replied to this that the Administration of the Ottoman Public Debt Council being superior to that of the Ottoman authorities themselves the revenues handed over to them would increase, and counter-balance charges made for fresh loans. This is true to a certain extent, and especially on the conditions that the said revenues should be administered directly by the Public Debt Administration, without any interposition of the Ottoman authorities between it and the taxpayers. It must, however, be recollected that, owing to misgovernment and maladministration, the population itself of the Turkish Empire is becoming poorer and poorer, and that the revenue as a whole is falling off.

The action of the railways, though undoubtedly beneficent, must take some years before its results become really effective, and is in any case greatly obstructed and hampered by want of security and capital. It cannot be regarded as certain that the combined actions of the Railways and of the superior administration of the Ottoman Public Debt would counterbalance the disastrous economic effects of bad government. Unfortunately, therefore, the argument regarding the effects of better administration rests on a weak foundation, and to take action upon it would be to assume considerable risks. Such risks should not in any case be faced, unless, as above stated, the Government created fresh sources of revenue. This is the only case in which the Public Debt Council should commit itself to any future operations of credit, and then only on condition of administering directly the revenues assigned as security for those operations.

When the system of Railway Guarantees was inaugurated, it was believed that the mere moral obligation contracted by the Turkish Government towards the Railway Companies and the Public Debt Administration, together with the slight control over the Guarantees accorded to the Council, would be sufficient to insure the carrying out in good faith of the engagements entered into. It cannot be doubted that the investing public placed its money in railways and other Turkish securities, to which the name of the Ottoman Public Debt Council was attached, in the belief that the latter was as responsible in regard to these fresh obligations as to those undertaken by the Turkish Government under the Decree of Mouharrem.

Recent events have proved not only that the public was under a delusion, but that the Railway Companies, the Public Debt Council, and the establishments which contracted the loans, had also deceived themselves as to the value of the new system of

securities established. It is the public, however, that risks its money in Turkish ventures, which is, or might be, the worst sufferer. It was induced to enter upon these ventures, chiefly upon the strength of the name of the Public Debt Administration, and for that Administration to again consent to taking part in the continuation of this system of security is simply to deceive the public.

It is useless to argue, as has been done, that the Council of the Public Debt is not responsible for anything more than executing the Contract which it has signed. That might be so if the Public Debt Administration were a bank, simply receiving revenues from the Government for payment to its creditors. But in addition to merely contractual responsibility, the Public Debt Council has a great moral responsibility. If, indeed, the argument were a sincere one, the need for the intervention of the Public Debt Council would not be felt at all. The revenues could be received just as well by, for instance, the Imperial Ottoman Bank.

The Public Debt Administration has acquired its reputation and its moral strength and credit by the fact that most of the revenues ceded under the Decree of Mouharrem are placed entirely under its independent administration and control, and that it is impossible for the Turkish Government to lay hands upon any of the proceeds of those revenues without entirely breaking down the solemn compact embodied in the Mouharrem Decree. The Public Debt Council is, therefore, by the very principles of its constitution, an administrative and not merely a receiving body, and is so looked upon by the general public, and it should not, especially with recent experiences before its eyes, allow itself in the future to deviate from functions of administration. Nor should it accept any further duties of this kind, even if the Government should succeed in creating fresh resources, unless the new administrative powers given to it are as complete and independent as those which it holds under its original mandate. Otherwise it will be exposed to the accusation of deliberately and intentionally allowing its name to be used for the purpose of deceiving the public.

(Signed) VINCENT CAILLARD.

Constantinople, April 15, 1896.

No. 4.

Sir P. Currie to the Marquess of Salisbury.—(*Received May* 4.)

(No. 339. Confidential.)

My Lord, *Pera, April* 29, 1896.

I HAVE the honour to transmit herewith copy, confidentially communicated to me, of a Memorandum which has been presented by Mr. Vincent Caillard, President of the Council of the Public Debt, to His Majesty the Sultan, deploring the conclusion of loans charged upon present revenue.

I have, &c.

(Signed) PHILIP CURRIE.

Inclosure in No. 4.

Memorandum submitted to His Imperial Majesty the Sultan on the 22*nd April,* 1896.

THE conclusion of the recent loan of £T. 3,275,000 suggests to me certain reflections which I feel it my duty to submit for your Majesty's consideration.

For the last six years, exclusive of a sum of £T. 3,300,000 paid for arms, the Ministry of Finance has received in gold £T. 3,700,000, the whole of which have been disposed of; that is to say, the Imperial Treasury has had at its disposal an average extraordinary yearly revenue of over £T. 600,000. In spite of this the Ministry of Finance has found itself in continual difficulties to pay its way, and at the close of each year a serious deficit has had to be registered, although the salaries of officials and the pay of the army have remained in arrear.

This proves that the revenues of the Empire are insufficient to meet its expenses. If, in order to aid the Ministry of Finance in its difficulties, loans are raised and charged upon present revenue, the insufficient revenue becomes still less, whilst the expenses do not decrease, and we are following the road to financial ruin. This, unfortunately, is the principle followed in the recent loan, for the service of which an annuity of £T. 94,000, charged on present revenue, has been set aside. Seeing the

great pressure of the moment, and that no time remained to find other resources, the Public Debt Council, at the request of the Imperial Government, consented to lend its assistance in this operation. On account, however, of the false principles just described, upon which the operation is based, it did so with great reluctance, and it is certain that the bondholders will not permit their representatives to act in the same way again. If it were proposed to raise another loan upon present revenue the Public Debt Council would take no part in it.

It is of the most urgent necessity that the Imperial Government should face the situation with courage and energy, and apply the only proper remedy, which is to find fresh sources of revenue. This is perfectly possible in various ways, such as by the creation of monopolies, the unification of the railways, the extension of the term of the Tobacco Régie Concession, the payment of its tribute by Bulgaria, &c. If required, I am ready to give more detailed explanations on these subjects.

It may be hoped that we have yet some little time before us until the Ministry of Finance will again require financial assistance, though I fear it may not be more than a few months. Before that moment arrives some fresh source of revenue must be found, so that the Government may not, as recently, come at the last moment to the Public Debt Council with a request which, in the future, that Council will be obliged to refuse.

I submit this to your Majesty in order that I may not in any way be held responsible for the position which might be brought about should the contingency which I have just mentioned arise.

(Signed) VINCENT CAILLARD.

Constantinople, April 21, 1896.

No. 5.

Sir P. Currie to the Marquess of Salisbury.—(Received May 18.)

(No. 369.)

My Lord, *Pera, May* 9, 1896.

I HAVE the honour to transmit herewith a copy of a letter which has been addressed by Mr. Vincent Caillard, President of the Council of the Ottoman Public Debt, to the Turkish Finance Minister, urging him, on behalf of the bondholders, to take measures for settling the question, which has remained in abeyance for the last fifteen years, of the Bulgarian tribute, and of the shares of the Ottoman Public Debt, to be assumed by Servia, Montenegro, Bulgaria, and Greece.

Mr. Caillard informs me that he took this step, in concert with the Finance Minister, who informed him the Prince of Bulgaria had, during his recent visit, assured the Sultan of the readiness of his Government to pay the tribute.

Notwithstanding this assurance, it does not seem likely that any serious step will be taken to carry out the provision in the Treaty of Berlin in regard to the tribute or the Public Debt.

I have, &c.
(Signed) PHILIP CURRIE.

Inclosure in No. 5.

Mr. Caillard to Nazif Pasha.

M. le Ministre, *Constantinople, le* 4 (16) *Avril,* 1896.

A MAINTES reprises et en dernier lieu au mois de Mars 1892, le Conseil de la Dette Publique Ottomane avait attiré l'attention du Gouvernement Impérial, sur la nécessité de résoudre la question—en suspens depuis quinze ans—du tribut de la Bulgarie et des parts contributives de la Serbie, du Monténégro, de la Bulgarie, et de la Grèce.

Son Excellence le Commissaire Impérial, tout en se chargeant de transmettre à votre Excellence le vœu du Conseil, avait alors cru devoir faire des réserves sur l'opportunité de soulever la question à cette époque. Il est cependant impossible pour le Conseil de laisser plus longtemps en souffrance la solution d'une question qui

intéresse à un si haut degré le Gouvernement Impérial et ses créanciers. En effet, tant que des négociations n'auront pas été entamées à ce sujet par la Sublime Porte et qu'elles n'auront pas abouti au résultat attendu, le Conseil se trouvera privé des ressources dont il a besoin pour assurer l'exécution de toutes les mesures prévues par l'Article 12 du Décret de Mouharrem 1299.

En ce qui concerne le tribut de la Bulgarie—qui est remplacé provisoirement par la dîme des tabacs—le réglement de cette question permettra au Gouvernement Impérial de disposer, pour ses propres besoins, d'une ressource dont l'importance n'échappera pas à votre Excellence, par le retour dans les Caisses du Trésor Impérial du revenu de la dîme des tabacs,

Par l'Article 8 du Décret de Mouharrem, le Gouvernement Impérial a concédé aux porteurs de titres de la Dette Ottomane—pour le service de l'amortissement de cette dette—toutes les sommes lui revenant comme parts contributives de la Serbie, du Monténégro, de la Bulgarie, et de la Grèce, sur la dette antérieure de l'Empire, d'après les dispositions du Traité de Berlin, et de l'Article X de la Convention de Constantinople du 24 Mai, 1881. Or, aucune de ces parts contributives n'a jamais été fixée ni par conséquent payée et, à l'encontre de toute justice, es provinces qui sont demeurées dans les limites nouvelles de l'Empire, supportent seules le poids de la dette commune.

Le Conseil de la Dette Publique Ottomane, vivement pressé par les Syndicate des porteurs de fonds Ottomans, se voit contraint d'attirer encore une fois la touts sérieuse attention du Gouvernement Impérial pour obtenir la solution de ces importantes questions.

Votre Excellence voudra bien, en s'inspirant des considérations qui précèdent, insister sur l'urgence d'une solution trop longtemps différée, solution sans cesse réclamée par les porteurs et qui n'est d'ailleurs pas moins à désirer pour le relèvement et la consolidation du crédit Ottoman.

Veuillez, &c.
Pour le Conseil d'Administration de la
Dette Publique Ottomane,
Le Président,
(Signé) VINCENT CAILLARD.

No. 6.

The Marquess of Salisbury to Mr. Herbert.

(No. 183. Very Confidential.)

Sir, *Foreign Office, July* 1, 1896.

THE Turkish Ambassador called on me this afternoon, and spoke of the negotiations which are proceeding between Her Majesty's Government and the Porte on the subject of the commutation of the Guaranteed Loan of 1855. I inclose, for your confidential information, a copy of a Memorandum by Sir E. Hamilton, of the Treasury, giving a general account of what has passed on the subject. There have been considerable differences of opinion between the Ambassador and the Treasury as to the terms on which the operations should be effected, and his Excellency seemed rather to resent the idea that the apparent aim of our proceedings was to lessen the burden on the Island of Cyprus.

I impressed upon his Excellency that that was the object we had in view, and that in any arrangement that was concluded, a satisfactory portion of the saving effected by the commutation must be assigned to this purpose.

I told his Excellency at the same time that I feared an immediate conclusion of the arrangement was not at the present moment probable. In order to acquire any validity it had to be sanctioned by an Act of Parliament, and in the passage of such a Bill through the House, it would necessarily become known that it was contemplated by the arrangement to secure a considerable advantage to the Ottoman Treasury. I regretted to say that at the present moment the condition of mind of many members of the House of Commons, not only of those who sat on the Opposition side, but also of those who supported the Government, was such that the knowledge that the Bill would be beneficial to the Turkish revenues would be, in their view, a serious obstacle to its adoption. I need hardly say that this feeling had arisen out of the intelligence received in the first instance from Armenia, and afterwards from Crete.

I said that I could not foresee how long this state of mind would last; but I was

assured by those who knew the House of Commons that it undoubtedly existed. I thought it would be most prudent to continue the negotiations with the Treasury in order that the differences between our view and that of the Turkish Government should be removed if possible, and we might have a plan ready to recommend whenever circumstances in Parliament seemed to render its production practicable.

I am, &c.
(Signed) SALISBURY.

Inclosure in No. 6.

Memorandum respecting the Cyprus Tribute and Turkish Guaranteed Loan, 1855.

(Confidential.)

I HAD a long interview this afternoon, by appointment, with the Turkish Ambassador. I found that he had misapprehended what I understood to have been the proposal made to him by Lord Salisbury, namely, that the Porte should, in consideration of receiving a sum down of from 300,000*l.* to 400,000*l.*, forego all claim to the Cyprus Tribute; it being at the same time agreed that the Sultan's sovereign rights should not be interfered with in Cyprus, and that he should, when moved to do so, pay off the whole (or part) of the Turkish Guaranteed Loan on being provided with the requisite redemption money.

His Excellency appeared to be under the impression that all that had been suggested was a simple conversion of the Turkish Guaranteed Loan bearing interest at 4 per cent. into a new Guaranteed Loan of a lower denomination, in order that we might, out of friendliness to the Porte, render to the Sultan financial assistance to the extent of the difference (or part of it) between the amount which would be required to pay off the Guaranteed Loan (3,815,200*l.*), and the amount which the Guaranteeing Powers would be able to raise by a charge equal to the two tributes (164,000*l.*) in a stock of a lower denomination.

I proceeded to explain to him what, speaking for myself, I understood to have been the real nature of the proposal intended to be conveyed to him by Lord Salisbury, viz., that the commutation or capitalization of the Cyprus Tribute and the conversion, or rather redemption, of the Turkish Guaranteed Loan were to be interdependent.

As such a proposal as this was different to what he had been led to suppose, he could not commit himself without taking fresh instructions. But he appeared to view the proposal, as I presented it to him, with favour, or at any rate without disfavour, and expressed his anxiety to carry through the transaction, if with due regard to the interests of his Government he could do so.

What he desired in the first instance was (1) to have one or two points made clear to him, and (2) to have a short written Memorandum furnished to him which he could send to Constantinople.

1. He very naturally said that he must take into account all eventualities. He wished to know what would happen if the Anglo-Turkish Convention of the 4th June, 1878, which entailed the mutual fulfilment of conditions, were to come to an end, and the administration of Cyprus were to be handed over to the Porte again? He presumed that in that case the Porte's power to exact what she chose from Cyprus in the shape of taxes or tribute would be revived. I ventured to say in reply that, speaking for myself, I assumed that, if Cyprus were to be administered again by the Porte, Her Majesty's Government would, presumably, have no more voice in the details of the administration of the island than of any other part of the Ottoman Empire.

He further went on to assume that the interest and sinking fund of the new loan raised to pay off the Turkish Guaranteed Loan would, either wholly or in part, constitute a charge on Cypriot revenues, and he wished to know whether (*a*) if Cyprus were handed back to the Porte before the new loan was extinguished any claim against her in respect of the loan could arise, and, further, whether (*b*) when the loan had become extinguished, the Porte would be able to establish any claim to the revenues of the island which had been hypothecated to the loan.

These were points on which I said I must refer for instructions, and, therefore, I in no way committed myself to the Ambassador.

But I assume that these points would be disposed of by a provision in the Agreement, that while we should be prepared to undertake, once for all, the charge in

respect of the new loan irrespectively of any future contingency, the Cyprus Tribute should be held to be commuted, and the Porte's claim to it foregone, so long as (though no longer than) the administration of the island remained in British hands.

(Signed) E. W. HAMILTON.

No. 7.

Mr. Herbert to the Marquess of Salisbury.—(*Received July* 27.)

(No. 576. Confidential.)

My Lord, *Therapia, July* 20, 1896.

THE French Ambassador told me yesterday that he had been informed a few days ago by M. Berger, the French President of the Ottoman Public Debt, that the Council of Ministers had been seriously contemplating the seizure at Damascus of some of the revenues assigned to the Public Debt for the purpose of paying the Turkish troops engaged in the expedition against the Druses. This news having been more or less confirmed by a telegram from the French Consul at Damascus, M. Cambon took the opportunity at a State dinner given to the French Embassy last week by the Sultan of drawing His Majesty's attention to the report, and of expressing the hope that there was no truth in it. The Sultan, in reply—to quote M. Cambon—"a joué le plus grand étonnement," and sent Munir Pasha, the Master of Ceremonies, to the Grand Vizier, who was seated at the other end of the table, to inquire if his Highness knew anything about it.

That eminent functionary displayed equal astonishment, and stated that he had never heard of such a suggestion.

The Sultan then proceeded to inform M. Cambon that His Majesty looked upon the institution of the Commission of the Public Debt as his own work, and one of the principal glories of his reign; that His Majesty had always realized that in order that a country should be prosperous its credit should be good, and consequently the revenues of the Debt should never be touched as long as His Majesty remained on the Throne of Turkey.

M. Cambon replied that he was much relieved at learning the views of His Majesty in regard to this very grave question, and added (no doubt with intent) that he should always remember His Majesty's noble utterances.

As a proof of M. Cambon's intention never to forget His Majesty's language, I may mention that his Excellency has officially informed M. Berger of it, and requested him to take note of it, in order that it may be quoted later if necessary.

Notwithstanding the Sultan's declarations and the Grand Vizier's astonishment, I am informed secretly that not only did the Council of Ministers consider the advisability of appropriating some of the revenues of the Debt on the occasion referred to by M. Berger, but they have discussed the question again since the conversation above reported took place.

There is no doubt that the French Embassy are seriously alarmed at the rumours which prevail in regard to the alleged intention of the Turkish Government to tamper with the revenues of the Debt, and the French Government would, I believe, be prepared to resort to very strong measures to prevent any such action. As M. Cambon ironically observed to me, "The massacre of some 60,000 Christians has left Europe comparatively indifferent, but let the Turkish Government appropriate but £ T. 10 of the revenues assigned to the Debt, and such a storm of virtuous indignation will be aroused that the Ottoman Empire will be shaken to its foundations."

I have, &c.
(Signed) MICHAEL H. HERBERT.

No. 8.

Mr. Gosselin to the Marquess of Salisbury.—(*Received August* 3.)

(No. 251.)

My Lord, *Berlin, August* 1, 1896.

BARON VON ROTENHAN told me this afternoon that Herr Lindau, who is, I believe, the German Representative on the Council of Administration of the Ottoman Debt, has just arrived in Berlin from Constantinople.

Herr Lindau describes the Ottoman Treasury as being almost, if not quite, empty, and the need for financial relief as very pressing.

The Ottoman Bank would be willing to render assistance in tiding over the crisis if the Porte could furnish any suitable guarantee, but, according to Baron von Rotenhan's information, everything has been already pledged, and he does not see to what quarter Turkey can turn for assistance.

I have, &c.
(Signed) MARTIN GOSSELIN.

No. 9.

Mr. Herbert to the Marquess of Salisbury.—(*Received August* 10.)

(No. 607. Confidential.)
My Lord, *Therapia, August* 3, 1896.

I HAVE the honour to inclose translation of an official communication published by the Turkish Government denying the report which had lately been circulated here in regard to a proposed issue of paper currency.

I am informed on good authority that the Council of Ministers proposed this issue to the Sultan, but His Majesty refused to consent to it.

The enormous decrease in the Customs receipts, which are stated to have fallen off 75 per cent. since last autumn, the general shrinkage in trade due to the events of last year, and the large military expenditure necessitated by the disturbances in Crete, the Hauran, and elsewhere, have reduced the Turkish Government to the most desperate financial straits. The salaries due to the Turkish Government employés in Constantinople and the provinces are now nearly seven months in arrears, and it is said that the murmuring and discontent among these unfortunate officials has been so great that the Sultan found it necessary a few days ago to pay one month's salaries, amounting to £T. 150,000, out of His Majesty's own private funds in order to prevent a disturbance in Constantinople. Nor are the Turkish troops outside the capital any better off, and great difficulty has recently been experienced in providing money to purchase food for them.

Rumours still prevail (see my despatch No. 576, Confidential, of the 20th ultimo) as to the intentions of the Turkish Government in regard to the revenues of the Debt, and there seems to be no doubt that they have unsuccessfully approached the Debt officials at Smyrna, Trebizond, and Damascus with the view of obtaining temporary loans.

Apart from the two alternatives of paper money and the seizure of the revenues of the Debt, both of which, doubtless, appeal to the Turkish mind, there seems to be no prospect of any relief in the immediate future, and the financial situation here must therefore be regarded with grave apprehension, and as one of the most serious of the many difficulties with which the Turkish Government have at present to contend.

I have, &c.
(Signed) MICHAEL H. HERBERT.

Inclosure in No. 9.

Extract from the "Levant Herald" of July 30, 1896.

Official Communication.

A RUMOUR was lately circulated by malevolent persons to the effect that the Imperial Government contemplated an issue of paper currency, in consequence of which report a fall took place on the Bourse. The Imperial Government harbours no such intention. Consequently, a formal and positive denial is hereby given to the rumour in question.

No. 10.

The Marquess of Salisbury to Mr. Elliot.

(No. 11.)
(Telegraphic.) P. *Foreign Office, August* 17, 1896.

I AUTHORIZE you to support the application which I understand Mr. Caillard is making to the Bulgarian Government for payment of the arrears of Eastern Roumelian Tribute due to the Porte, if your colleagues receive similar instructions.

No. 11.

Mr. Herbert to the Marquess of Salisbury.—(*Received August* 20.)

(No. 340.)
(Telegraphic.) P. *Constantinople, August* 20, 1896, 4·55 P.M.

I HAVE received the following message from the Sultan, who has requested me to telegraph it to your Lordship:—

"Anthopoulo Pasha reports that, in reply to the representations which he had made on the subject of the Conversion of the Loan of 1855, your Lordship stated that unless a portion of the profits resulting from the Conversion was given to them, and unless two political questions now pending were settled, Her Majesty's Government was not disposed to carry the matter through.

"Though Anthopoulo Pasha has tried to elicit from your Lordship what these two questions are, his efforts to do so have failed hitherto. His Imperial Majesty the Sultan cannot believe that your Lordship can be alluding to either the Armenian or the Egyptian questions, as the former has been virtually settled, and with regard to Egypt, your Lordship is well aware that His Majesty cannot relinquish his sovereign rights over that province. He is anxious, therefore, that your Lordship should send some reply."

I have telegraphed this message to your Lordship solely "comme acquit de conscience."

No. 12.

Mr. Herbert to the Marquess of Salisbury.—(*Received August* 28.)

(No. 672. Confidential.)
My Lord, *Therapia, August* 22, 1896.

WITH reference to my telegram No. 338, I have the honour to report that an Iradé was recently issued ordering the Porte to dispatch to Sophia Selim Effendi Melhamé (the Minister of Agriculture), M. Berger (the representative of the French bondholders on the Public Debt), and Shefik Bey (Imperial Commissioner on the Public Debt), in order to fix, in conjunction with the Bulgarian Government, the amount of the Bulgarian tribute.

On Tuesday last the Bulgarian Agent was summoned to the Palace and requested by Izzet Bey, in the name of the Sultan, to ask his Government to afford all facilities to this Commission in the execution of their labours. M. Dimitroff professed to regard this request as highly irregular, but admitted that M. Stoiloff, when here in the spring, had discussed the matter with the Sultan and the Porte, and let it be understood that the Bulgarian Government were ready to open direct negotiations with Turkey as to the amount of the tribute. There is also no doubt, although M. Dimitroff denied the fact, that the Prince broached the subject to the Sultan, saying that he had an obligation to fulfil towards his Suzerain, and that he was distressed by the present irregular relations. These proposals seem strange in the mouths of Bulgarian statesmen, particularly as Article IX of the Treaty of Berlin makes the Bulgarian tribute a question to be dealt with by the Signatory Powers, and not by the vassal State with its Suzerain; but it must be remembered that under certain circumstances the payment of a tribute might be financially advantageous to both countries at the expense of the Public Debt. At present Eastern Roumelia pays a tribute of about 136,000*l.*, which is assigned to the Public Debt. In lieu of the Bulgarian tribute, the

"redevances" of the Tobacco Administration have also been assigned to the Public Debt. It is supposed that the Porte are ready to accept 136,000*l.*, or even a less sum, as the tribute for both Eastern Roumelia and Bulgaria, and thus set free the Tobacco "redevances," which would give the Treasury about 100,000*l.* a-year, on which they could raise a loan. But it is hard to see how the Debt could sanction, or let pass without protest, any such arrangement.

Sir Vincent Caillard, who is much opposed to the scheme, is doing all he can to prevent it being carried out, and I understand that he has protested at the Porte against the employment of M. Berger as Delegate without the previous consent of the Council of the Public Debt.

I have, &c.
(Signed) MICHAEL H. HERBERT.

P.S.—Since writing the above I have learnt from Sir Vincent Caillard that the Mission to Sophia has been abandoned for the present owing to his opposition.

M. H. H.

No. 13.

Mr. Elliot to the Marquess of Salisbury.—(*Received August* 20.)

(No. 144. Confidential.)
My Lord, *Sophia, August* 26, 1896.

WITH reference to Mr. Herbert's despatch No. 672 of the 22nd instant, I have the honour to state that if Prince Ferdinand really broached to the Sultan the question of paying tribute for Bulgaria proper, I am convinced that he did so in the full confidence that the suggestion would have no practical consequences, and in the hope that it would not reach the ears of his subjects.

The payment of tribute, if it were to be imposed by agreement of the Powers after eighteen years' delay, would meet with great resistance in the country; but the spontaneous offer of it would be an act of humiliation even more unpopular than the acceptance by the Prince of Turkish military rank and of the position of an Aide-de-camp of the Sultan, and the economy of a few thousand pounds on the Eastern Roumelian tribute would certainly not be regarded as a sufficient set-off for it.

I had the honour in my despatch No. 95 of the 4th June to report the manner in which the Bulgarian Government proposed to meet the demand for the payment of tribute if it were seriously made. From a conversation which I had later with M. Stoïloff at the time when it was reported that M. Berger was going the round of the European capitals for the purpose of inducing the various Governments to take up the question of the Bulgarian tribute in the interest of the Turkish bondholders, I gathered that his Excellency did not attach any importance to his Mission.

Now that the case is stated differently, and that the Mission, the dispatch of which Sir V. Caillard has fortunately prevented, is said to have been intended to bring about a direct understanding between the Suzerain and the vassal States so prejudicial to the bondholders that, as Mr. Herbert remarks, "it is hard to see how the debt could sanction it, or let it pass without protest," it would be interesting to know what consideration induced M. Berger to take part in it.

I have, &c.
(Signed) F. ELLIOT.

No. 14.

Mr. Herbert to the Marquess of Salisbury.—(*Received September* 7.)

(No. 680 A.)
My Lord, *Therapia, August* 27, 1896.

IN accordance with your Lordship's telegram No. 177 of the 22nd August, I caused the substance of your answer to Anthopoulo Pasha concerning the proposed commutation of the Loan of 1855 to be communicated to Izzet Bey, the Sultan's Second Secretary. Izzet Bey said that the Armenian question was settled, and that he could not understand why your Lordship still seem to regard it as pending. He added confidentially that the Sultan was contemplating the grant of an amnesty to certain classes of Armenian prisoners, and that the provincial authorities had been instructed to furnish lists of the persons deserving His Highness' pardon.

I have, &c.
(Signed) MICHAEL H. HERBERT.

No. 15.

The Marquess of Salisbury to the Marquess of Dufferin.

(No. 367 A.)
My Lord, *Foreign Office, September* 14, 1896.

THE French Ambassador called at the Foreign Office on the 9th instant, and stated to Mr. Barrington that Munir Bey, the Turkish Chargé d'Affaires at Paris, had recently informed M. Hanotaux that Her Majesty's Government had agreed to the conversion of the Turkish Loan of 1855. M. Hanotaux had received this communication with surprise, and was inclined to doubt its accuracy. He believed that there had been some *pourparlers* in London on the subject, but he did not think that any decision would be arrived at by Her Majesty's Government on such a proposal without previous consultation with the French Government. M. de Courcel was, therefore, instructed to ask me what had really taken place on the subject.

The French Ambassador called again to-day, and, in my absence, was received by Mr. Bertie, who, by my direction, reminded his Excellency that I had informed him, on the last occasion on which I saw him, that the conversion was under discussion, but the negotiations had been arrested by the fact that, in view of the effect of recent events in Anatolia and at Constantinople upon the disposition of the House of Commons towards the Sultan, it would be impossible to procure the requisite legislation.

M. de Courcel observed that he could not understand how the Turkish Government could feel justified in instructing Munir Bey to inform the French Minister for Foreign Affairs that Her Majesty's Government had agreed to the conversion of the loan.

His Excellency said that the French Government would be glad to be informed, in due season, of the details of the arrangements proposed in regard to the conversion, so that they, as guarantors with Her Majesty's Government, might judge of their suitability.

I am, &c.
(Signed) SALISBURY.

No. 16.

Sir P. Currie to the Marquess of Salisbury.—(*Received November* 2.)

(No. 882. Confidential.)
My Lord, *Therapia, October* 28, 1896.

INFORMATION reached Her Majesty's Embassy last week that an Imperial Iradé had been issued confirming a decision of the Council of Ministers, by which a forced loan was to be levied on the Mahommedan population of this Empire for the purpose of arming them against an attack said to be contemplated by the Christians. A Commission under the Presidency of Mahmoud Jellal ed Din Pasha, Minister of Public Works, was intrusted with the task of executing the order.

The Porte at first endeavoured to gloss the matter over, and said the loan was destined "to complete some necessary military preparations," but Saïd Pasha, President of the Council admitted to Mr. Block the truth of the account given above. He had done his best, he said, to oppose the scheme, but his objections had been overruled. He had been told that it was evident that the Christians were arming to attack the Moslems, and that the European press was preaching a crusade against Islam; it was therefore necessary to take measures for defence. Finally, he said, he received orders from the Palace to sign the Mazbata, and reluctantly did so.

It is not easy to determine the exact motive of a measure which seems so dangerous and so uncalled-for. It is, perhaps, merely a desperate expedient to obtain a little money, and the ostensible object—defence against an attack by the Christians—may have been selected as the only appeal likely to draw money from Turkish pockets.

Perhaps, also, the Sultan and his advisers hoped to gain popularity by the measure, and to defend His Majesty against the accusations disseminated by the "Jeune Turquie" party, by representing him as the champion of Islam in the hour of danger. On the other hand, it cannot be denied that the Turks are genuinely alarmed. They are especially apprehensive that the Armenians may try to fire the city, and I am told that recently a tumult was nearly occasioned in Roumeli Hissar by an Armenian house accidentally catching fire. My Austrian colleague informs me that one of the most considerable gun-smiths of the town, who is an Austrian subject, was asked by the Minister of Police to furnish him with as many arms as he could supply, and also that an attempt has been made to disarm the Croat and Dalmatian Christians, who are generally employed as house-porters, and have a great reputation as fighting men.

In any case, the danger of announcing such a loan is obvious. The provincial massacres were, in most cases, preceded by a rumour to the effect that the Armenians were likely to attack the Moslems, and, if the present measure is really nothing more than an attempt to obtain money, it must inevitably inflame the fanaticism of the populace, and increase the chances of an outbreak.

These considerations decided the Ambassadors to send their Dragomans to the Porte, with the following message to the Foreign Minister:—

"Est-il vrai qu'un emprunt forcé destiné à des armements soit imposé à la population Musulmane et qu'une Commission soit chargée d'en assurer la perception? Cette mesure insolite à un moment où il n'y a aucune menace de guerre est de nature à inquiéter les Chrétiens et les colonies Européennes. S'il s'agit d'armer les troupes régulières ou les réserves, les arsenaux de l'État sont à même de suffire à tous les besoins. S'il s'agit d'armer le peuple, la mesure est pleine de péril. En tout cas, s'il est donné suite à ce projet, les Représentants des Puissances seront obligés d'en référer à leurs Gouvernements, afin de les mettre à même d'aviser."

Tewfik Pasha's reply was rather vague and unsatisfactory. He said the money was not to be collected for arming the people, but for buying horses, tents, and clothing, and for unifying the system of armament, that is, for withdrawing the Martinis and other rifles now in the hands of some of the troops, and replacing them by Mausers. As the Government have at least 800,000 Mausers in store, this explanation is somewhat lame. Tewfik Pasha maintained that the loan was voluntary and purely patriotic, and that subscriptions would be collected from Christians as well as from Moslems, but admitted that the Imams would call upon the Moslems in the mosques to contribute, which is one of the most dangerous features of the scheme. He also stated that the papers of the following day would contain more explicit information about the loan, but no notice has yet appeared on the subject.

His Excellency admitted privately to my first Dragoman that he was personally opposed to the measure, and saw its danger.

I have, &c.
(Signed) PHILIP CURRIE.

No. 17.

Sir P. Currie to the Marquess of Salisbury.—(Received November 2.)

(No. 883.)

My Lord, *Therapia, October 28, 1896.*

CONTRARY to their custom, the Ottoman Government have this year made a statement of the Budget which has been communicated to the Administration of the Public Debt. This document, which admits a deficit of 1,200,000*l.* for extraordinary military expenditure, is no doubt compiled with the express purpose of giving as favourable an account as possible of the financial situation. A better idea of the confusion of Turkish finance, and the helplessness of the Cabinet in devising even temporary expedients to obtain money, may be obtained from a perusal of the Confidential Report addressed by the Council of Ministers to the Sultan, relative to the Budget for the last five months of 1896 and for 1897-98.

I inclose a Memorandum by Mr. Eliot giving translations of these documents, and pointing out the financial position which their confused and obscure language seems to indicate.

As will be seen from this Memorandum, it would be only misleading to give any résumé of the Confidential Budget in figures, but it undoubtedly implies an unusually serious deficit, and it is hard to see how the Government can meet the next financial year without external assistance.

I have, &c.
(Signed) PHILIP CURRIE.

Inclosure in No. 17.

Memorandum by Mr. Eliot.

THE following is the official Budget for the year 1313 (1897-98):—

	£ T.
Dette Publique et Affectations diverses	8,109,000
Various Ministries—	
War	4,489,697
Marine	553,436
Artillery	467,978
Gendarmerie	1,063,037
Administrative expenditure	3,304,332
Total	17,987,487
Extraordinary expenditure	1,200,000
Grand total	19,187,487

In this Budget a reduction of 15 per cent. has been imposed on the expenditure of the Ministries and on the administrative expenditure as compared with the figures of last year. The headings of expenditure are unusually vague. It is impossible, for instance, to tell what may or may not be included under "Dette Publique et Affectations diverses."

Revenue.

	£ T.
General revenues (taxes, tribute, &c.)	5,137,487
Tithes	3,900,000
Customs	2,000,000
Ceded revenues	2,130,000
Administrative receipts	4,400,000
Property tax ("Temettu")	400,000
Total	17,987,487

These figures meet the ordinary expenditure as stated in the Budget, but not the extraordinary expenditure. That is to say, there is a deficit of £ T. 1,200,000. It is proposed to cover this as follows:—

	£ T.
½ per cent. added to the tithes	200,000
Additional tax on sheep	200,000
The five monopolies to which it is hoped the Powers will consent, viz., alcohol, petroleum, cards, matches, and cigarette paper	700,000
Instalment of the Patent Revenue	100,000
Total	1,200,000

This extraordinary expenditure is for military purposes. The money is to be deposited either in the Ottoman Bank, or the Ministry of Finance, in a special chest, and is not, under any pretext, to be touched except to meet the expenses of the Ministry of War.

The salient points in this official statement of the financial situation are—

1. That a large part of the ordinary public expenditure must be reduced by 15 per cent.

2. That extraordinary military expenditure is necessary, and must be met by extraordinary means.

There is, however, another Budget, part of which applies to the year 1897-98 and

part to the five last months of this year, which has not yet been published, though its character is indicated by the following decisions of the Council of Ministers which have received the Imperial sanction :—

"Measures relative to the Budget of 1313.

"The revenues of the Empire only cover 75 per cent. of the expenditure.

"This expenditure is estimated by the Commission at from £ T. 12,000,000 to £ T. 13,000,000.

"The various Ministries are to consider how they can best economize and report to the Sublime Porte before next March what reductions they can make.

"The extraordinary military expenditure cannot be met either by a loan or by the existing revenues.

"It is proposed to cover it as follows :—

"$\frac{1}{2}$ per cent. extra on the tithe.

"$\frac{1}{2}$ per cent. extra on the sheep tax.

"1 per cent. extra to be paid by the Ministry of Public Works, and the same by the Ministry of Public Instruction.

"To these sums must be added the annual sum of £ T. 1,200,000 derived from the five monopolies.

"These sums are to be placed in a chest, and are to serve exclusively for military expenditure.

"Measures to provide for necessary public expenditure from October 1896 to February 1897, sanctioned by Imperial Iradé.

"We require £ T. 1,127,000 for the following :—

"1. Payment of two months' salary for public servants.

"2. Payment of the weekly allowance to the Ministry of War.

"3. Expenditure for the capital.

"This is to be met by—

"£ T. 400,000 from the loan on lighthouse dues.

"£ T. 50,000 from the receipts of the Ministry of Public Instruction from October to March.

"£ T. 200,000 offered by the Ministry of Public Works.

"£ T. 150,000 to be received from the provinces from October to March.

"Total, £ T. 800,000.

"This will meet the headings 2 and 3 above, but there remains £ T. 327,000 for salaries. This is to be taken from the first payments of the sheep tax to be made to the Government in March next.

"The Government also think they can count on the conversion of the 1855 Loan, either to cover this deficit of £ T. 327,000, or for extraordinary military expenditure."

The above is the translation of a document which purports to be a précis of the Mazbata of the Council of Ministers, and, perhaps, its singular confusion is the best proof that it is genuine.

It will be observed that, at first sight, these financial measures appear to consist of two independent parts. The first provides for meeting extraordinary military expenditure, whereas the second announces, with touching candour, that its object is to find money in order to get along somehow or other during the next five months. But a closer examination shows that the two parts are not separate operations. The first states as percentages what the second states as sums of money, and the only operations which are really practicable are to be used to cover both the extraordinary military and the ordinary current expenditure. These operations consist in obtaining money from the sheep tax and in squeezing the Ministries of Instruction and Public Works, which means, in plain language, that taxes will be taken for roads and schools which will not be built. The other receipts mentioned : the Collas Loan, the conversion of the 1855 Loan, and the five monopolies (reckoned here at £ T. 1,200,000, although they only figure as £ T. 700,000 in the official Budget), are merely imaginary, as none of the necessary operations have yet been performed.

It follows from all this that the extraordinary military expenditure does not refer to any future military preparations, but merely to the current expenses of the Ministry of War, which is keeping about 400,000 men under arms.

There will remain for the special chest only any surplus which may be over, and that is not likely to be large, for, deducting loans and monopolies, and the sum necessary for two months' salaries, there only remain £ T. 400,000.

Perhaps the produce of the forced loan of 5 piastres per head should be added to this sum.

It is impossible to state the financial position accurately in figures, but the Budget suggests the following general observations.

In favour of Turkey is the fact that the harvest has been unusually good, and that prices are unusually high. Though large parts of the Armenian provinces are practically devastated, this is not important financially, as even in quiet years these districts contribute little to the Treasury. The Customs receipts are also at present good, but judging from the example of last year, they are likely to fall off. It appears that the effect of a massacre on the Customs is felt about four months after the event, and a fall of 40 per cent. at least is probable. In any case, the Treasury cannot reckon on this source of revenue, as the Sultan's ordinary method of obtaining money is to take it from the Customs receipts.

In any case, a large deficit is clearly inevitable. In Turkey a deficit reduces itself mainly to a question of what the people will stand. If employés can be left unpaid and soldiers unpaid, unfed, and unclothed without creating a revolution, it is possible to govern almost without money. The Mazbata proposes to pay two months' salary in March. One month has already been paid in the year, so that the most employés can hope for is three months' salary out of twelve. All reports from the provinces agree in describing the discontent as very great. In the army it has almost produced mutiny and brigandage in some districts, and officials have clamorously demanded their salaries of Valis even in the presence of foreign Consular officers.

It is very doubtful if the sum of 327,000*l.* for salaries can be paid from the sheep tax in March, and many of the tithes which it is proposed to increase have already been collected.

In true Turkish fashion the Mazbata only looks five months a-head, and then seems to think that everything will be put straight by "the economies to be introduced in the various Ministries." It is difficult to imagine that this will meet the needs of the situation, as the expenses of the Ministries are already cut down as low as possible. Money will have to be obtained somehow, and in all probability the Porte will be unable to pay the guarantees for the Anatolian and Dedeagatch and other railways, which amount to something like £ T. 700,000 this year in consequence of the almost total cessation of passenger traffic produced by forbidding Armenians to travel. The tithes from which these guarantees should have been paid have not been farmed this year, but are taken directly by the authorities, and it is believed that in some cases the store-houses of grain given in payment of these tithes have already been opened and the contents sold for the benefit of the Treasury.

(Signed) C. N. E. ELIOT.

October 28, 1896.

No. 18.

Sir P. Currie to the Marquess of Salisbury.—(Received November 2.)

(No. 890.)

My Lord, *Therapia, October* 29, 1896.

I HAVE the honour to transmit to your Lordship herewith a copy of a Confidential Memorandum prepared by the Commandant Berger, French Delegate on the Ottoman Public Debt, advocating the appointment of a Russian Delegate and other fundamental changes in the organization of this Administration.

I also inclose a Confidential Memorandum by Sir V. Caillard criticising these proposals.

I have, &c.

(Signed) PHILIP CURRIE.

Inclosure 1 in No. 18.

Memorandum.

(Très Confidentielle.)

LA crise qui sévit actuellement en Turquie est d'un ordre économique tout autant que politique. Elle résulte d'un mécontentement général provoqué par une mauvaise

administration organique et financière, par les abus et la misère qui ont dans des proportions égales déchaîné les passions et motivé les désordres.

Sans doute si l'Europe n'a pas employé la force pour punir les instigateurs des massacres et empêcher le renouvellement des faits odieux qui ensanglantèrent les rues de Constantinople, après avoir décimé certaines provinces de l'Empire Ottoman l'an dernier, c'est qu'elle a redouté que son intervention ne soit suivie de graves complications internationales. En se laissant entraîner par ses généreux sentiments sans être préalablement tombée d'accord sur toute l'étendue du programme qu'elle voulait suivre, la diplomatie a peut-être pensé que, loin de servir la cause de l'humanité, elle la compromettrait davantage, en faisant courir au monde les risques d'une guerre générale.

Il n'y a pas à se dissimuler que cette terrible éventualité serait cependant tôt ou tard inéluctable si les Puissances, profitant de l'accalmie présente ne trouvaient au plus vite le moyen de se mettre d'accord pour améliorer la situation.

Une amnistie générale applicable non seulement aux Arméniens mais encore aux 50,000 Turcs exilés par le régime actuel, en même temps que la déclaration faite à une tribune Parlementaire par une voix autorisée en Europe, qui, elle, porte un égal intérêt humanitaire à l'élément Musulman et Chrétien, du moment qu'il y a des opprimés, serait le palliatif indiqué par de hautes personnalités Turques, pour amener l'apaisement, mais ce serait encore bien insuffisant. On peut tout au moins tenir pour certain que les populations aussi bien Musulmanes que Chrétiennes molestées par les fonctionnaires qui ne trouvent leur subsistence que dans les prévarications, sont dans un état dangereux de surexcitation.

Si la prudence des Chancelleries redoute qu'une intervention exercée en Turquie ne motive de nouveaux massacres ou inspire des craintes pour la paix Européenne, à quel moyen s'arrêter? Et doit-on perdre de vue les intérêts matériels considérables des Européens, et particulièrement des Français, dont le capital représente les trois quarts, qui sont jugés menacés d'une ruine imminente aussi bien parce que toutes les opérations commerciales, industrielles, et financières, sont totalement paralysées, que, cela n'est pas douteux, parce que les Caisses Turques étant complètement vides et le Sultan ne trouvant dans les circonstances présentées des ressources disponibles, ni à l'intérieur ni à l'extérieur, son Ministre des Finances se verra dans la nécessité absolue de mettre la main successivement, en commençant par les garanties kilométriques, sur les revenus donnés en gage à l'épargne étrangère? Ces ressources sont tentantes, elles s'élèvent à environ 100,000,000 de francs par an, on peut se figurer si l'effondrement qui résulterait de ces mesures serait de nature à porter une profonde atteinte à notre crédit général. Il est évident que ces considérations admises, le remède à cet état de choses réside dans une réorganisation financière et administrative de l'Empire Ottoman.

L'analogie entre la situation actuelle et celle où se trouvait déjà la Turquie en 1875 est frappante. A cette époque la faillite vint éprouver douloureusement l'épargne Européenne, et dans une large proportion le petit rentier Français. Les massacres de Bulgarie soulevèrent l'indignation du monde et une guerre sanglante, en mettant aux prises la Russie et la Turquie, faillit allumer un incendie général, et particulièrement en faire venir aux mains avec eux un autre des plus grands États de l'Europe.

Ce fut dans un arrangement financier, dont est issue l'institution de la Dette Publique Ottomane, grâce au concours de la plupart des Puissances, que la Turquie trouva une nouvelle vitalité. Elle lui a dû les quinze années les plus prospères de son existence.

Est-ce un rêve d'espérer éviter d'abord les horreurs de la guerre, grâce à la générosité de l'Europe d'une part, et au retour à la raison de la Turquie d'autre part, et de chercher à obtenir pour ce dernier pays une nouvelle période de tranquille existence?

En tout cas la tentative est bien conforme aux traditions historiques de la France, en même temps que sa réussite sauvegarderait un capital Français qui n'est pas inférieur à 3 milliards de francs, elle serait digne de la Russie qui a tout intérêt a voir l'ordre se rétablir sur la frontière Turque comme à l'intérieur du pays voisin. Nul doute enfin qu'elle ne rallie les suffrages de l'Angleterre dont les desseins politiques n'ont pas à être examinés ici, mais dont on doit tenir compte, au point de vue Chrétien, pour sincère, et dont l'opinion publique exige avant tout la fin des massacres.

Il y a lieu de croire que les autres Puissances et particulièrement l'Allemagne, qui depuis quelques années occupe le troisième rang au point de vue des intérêts matériels en Turquie, soutiendrait énergiquement la même idée de paix générale et de

rétablissement de l'ordre dans l'Empire Ottoman. Enfin la modération dans leur forme même des exigences des Puissances en regard des faits odieux accomplis en Turquie et des graves éventualités auxquelles il y a lieu de parer, seraient de nature à heurter le moins possible la susceptibilité du Sultan et de ses sujets. Ce Souverain a déjà donné des preuves des ressources de son intelligence en admettant en 1880 le principe de l'organisation de la dette. On peut espérer que se trouvant en présence d'un accord unanime des Puissances, sous la pression énergique de la Russie et des autres grands États Européens, il consentirait à une réorganisation financière encore plus étendue, et peut-être, si la pression devenait en même temps comminatoire, irait-il jusqu'à admettre du même coup la réorganisation administrative.

La réorganisation du service de la Dette Turque dont l'étude se poursuivit du 3 Octobre, 1880, au 20 Décembre, 1881, aboutit à l'institution du Conseil d'Administration de la Dette Publique Ottomane, dont le fonctionnement s'est poursuivi depuis régulièrement sans cesse en progression pour ses recettes, même après les derniers troubles. Il a paru utile d'annexer à cette note l'historique de cette Administration, depuis sa fondation.

Il n'est pas sans intérêt d'en citer quelques chiffres, auxquels on pourra se reporter dans l'annexe, pour plus amples détails. Les calculs ont été faits il y a deux ans, mais n'ont pas sensiblement différé depuis cette époque, si ce n'est par une légère augmentation.

Le capital nominal réduit de la dette a été arrêté le 20 Décembre, 1881, époque de l'institution de l'Administration, à 2,660,930,850 fr. au service duquel a été affecté un revenu de 26,702,000 fr. Grâce à l'habile gestion de la Dette Publique Ottomane, les recettes ont bénéficié depuis cette époque d'un accroissement de 19,000,000 de francs. En ajoutant à ce chiffre total actuel de 45,702,000 fr. le produit des rentrées de la redevance de la Roumélie Orientale et les traites sur les Douanes qui sont fixes, on obtient comme ensemble des recettes brutes de l'Administration de la Dette Publique Ottomane le chiffre de 52,708,000 fr. ou pour la recette nette en retranchant les frais d'administration, 50 millions environ.

Le capital amorti depuis la fondation de la dette est d'environ 250,000,000 de francs; il reste à amortir 2,410,930,850 de francs.

La conclusion à tirer des quelques chiffres qui précèdent est nette. La Dette Publique Ottomane a été depuis sa fondation le plus utile instrument du relèvement du crédit de la Turquie. La plus-value de ses recettes a prouvé de quelles ressources était capable avec une bonne gestion un pays qu'on croyait épuisé. Elle s'est acquis peu à peu l'entière confiance des capitalistes Européens.

Par la force des choses, la mission de la Dette Publique Ottomane a pris insensiblement un caractère de la plus grande importance. Elle ne se borne plus maintenant à gérer les revenus que lui reconnaissait le Décret de Mouharrem (2e annexe à la présente note). A la requête du Gouvernement Ottoman et des groupes financiers qui sont venus traiter depuis près de dix ans les grandes opérations d'emprunts ou de constructions de voie ferrée, ses attributions se sont agrandies pour régulariser et améliorer la perception des sommes affectées en garantie, dont le montant est supérieur à 45,000,000 de francs.

Il est nécessaire de rendre justice au dévouement et à la probité du personnel de la Dette Publique Ottomane presque entièrement Turc Musulman, puisque sur 6,000 employés, il n'y a pas 500 Chrétiens, Européens compris. La preuve est ainsi faite que l'élément indigène offre de sérieuses ressources lorsqu'il est bien encadré, équitablement et régulièrement rémunéré.

De cet exposé, relatif à l'administration de la Dette Publique Ottomane, il ressort que pour une nouvelle réorganisation financière, l'Europe possède en Turquie un instrument qui a fait ses preuves et qui est indiqué pour être investi de sa confiance dans les nouvelles conjectures. C'est dans l'extension et la consolidation des attributions de la Dette Publique Ottomane que se trouve le remède. Il nous reste à examiner comment l'employer et à tirer des conclusions. Et d'abord il ne suffirait pas d'établir un régime nouveau, les résultats ultérieurs devraient-ils en être excellents. Il faut en même temps penser, en attendant les conséquences de la réorganisation qui nous occupe, à fournir immédiatement au Gouvernement Turc les ressources qui lui sont nécessaires pour combler ses arriérés et faire face à ses besoins, but qui ne peut être atteint qu'en donnant des garanties efficaces. Il est certain que toute opération de ce genre à laquelle la Dette Publique Ottomane voudrait rester étrangère ne serait pas viable. Mais encore toutes les considérations qui précèdent mises à part, et sans parler de l'intérêt qu'il y a de ne pas laisser les anciens porteurs s'abandonner au découragement, pour inspirer une confiance justifiée qui amène des prêteurs nouveaux,

l'œuvre de consolidation, d'extension, d'attribution, de réorganization imaginée par M. le Ministre des Affaires Étrangères Français s'impose manifestement.

La Dette Publique Ottomane aurait un puissant renfort dans l'entretien d'un Délégué Russe au sein du Conseil. Il n'est pas douteux que toutes les considérations politiques qui ont précédé la partie financière de ce rapport sont de nature à faire impression à Saint-Pétersbourg, mais en outre ne paraît-il pas étonnant que la Russie, qui a de si puissants intérêts en Orient, ne soit pas représentée dans un Conseil dont l'action se fait si vivement sentir à Constantinople? Si même, au moment où la Dette Publique Ottomane fut créée, le Cabinet de Saint-Pétersbourg a eu ses raisons pour s'abstenir de répondre à la convocation qu'il reçut comme les autres nations, les circonstances n'ont-elles pas été si profondément modifiées que le passé ne peut en rien engager l'avenir. Il est vrai que le Décret instituant la Dette Publique Ottomane qui prévoyait l'adjonction ultérieure d'un Délégué Ottoman, fait qui s'est produit six ans après l'institution de la dette, ne prévoit pas l'entrée dans son Conseil d'autres Délégués, mais il suffirait d'un nouvel Iradé qu'à première réquisition du Gouvernement Russe le Sultan admettrait la présence d'un Délégué Russe au sein du Conseil.

Le principe de l'entrée d'un Délégué Russe dans le Conseil de la Dette Publique Ottomane étant admis, il y a plusieurs moyens de l'appliquer.

Ce Délégué Russe entrerait à la Dette Publique Ottomane, soit pour assurer le paiement régulier de l'indemnité de guerre due par la Turquie à la Russie et dont le Conseil de la Dette Publique Ottomane assumerait l'administration (il y a lieu de faire observer que dans ces hypothèses le Délégué Russe tiendrait son mandat de son Gouvernement et non d'un Syndicat financier, comme les Délégués actuels); soit comme représentant d'un groupe Russe de porteurs de fonds Turcs au même titre que les autres Délégués; soit enfin, et ce serait la meilleure marche à suivre, à l'occasion d'une nouvelle opération financière qui serait conclue par un groupe Russo-Français, et à la suite de laquelle un Délégué Russe aurait sa place marquée dans le Conseil.

Cette opération, qui offrirait au Gouvernement Ottoman les ressources immédiates dont la nécessité a déjà été démontrée, devrait être gagée par un nouveau revenu rattaché à la Dette Publique. Cherchant à déterminer ce revenu, il apparaît qu'il n'y en a pas de plus indiqué pour une réorganisation qui s'impose, de plus facile à prendre en mains pour la Dette Publique Ottomane, que le revenu des Douanes. La raison de l'emprunt à gager servirait de levier pour déterminer le Sultan à céder cette administration des mains plus aptes et plus honnêtes, et cette concession aurait au demeurant pour les finances Turques le meilleur résultat. Il n'est pas téméraire d'avancer que si les Douanes donnent un revenu de 50 à 60 millions de francs, la dette arriverait rapidement, en faisant tout d'abord l'économie presque complète du personnel actuel des Douanes qui ferait double emploi avec le sien, à augmenter ce revenu dans des proportions analogues à celles obtenues par les revenus dont elle a déjà la gestion. En prélevant sur le revenu actuel le gage nécessaire au nouvel emprunt et les £ T. 50,000 déjà déléguées à la Dette Publique Ottomane pour opérations antérieures, il resterait une marge très importante, une fois la plus-value acquise, à effectuer réellement, ce qui n'est pas le cas présent, aux appointements des fonctionnaires. L'adjonction des Douanes suffirait pour le moment comme extension des attributions de la Dette Publique Ottomane et se ferait facilement. Il y aurait ainsi une complète analogie avec ce qui a été fait en 1881, lors de la Constitution de la Dette Publique Ottomane, à laquelle les Six Contributions furent affectées. La réorganisation de ses services se fit sans un coup et produisait déjà au bout de cinq ans une plus-value de 50 pour cent. Quoi de plus naturel que, comme dans beaucoup de pays Européens, la Douane soit rattachée à la même Administration, qui est déjà appelée à administrer les Contributions Indirectes et qui a déjà un personnel de surveillance commun avec elle? En outre, la Douane est un revenu dont la conversion a déjà été souvent mise en question, quelque soit la résistance à laquelle on puisse s'attendre de la part du Palais, qui en dilapide les revenus, et de la Porte, qui y puise de quoi faire face à des besoins imprévus; ce n'est pas une négociation à conduire sur un terrain neuf.

Et, si venant à la question de crédit on examine la possibilité du placement du titre, question qui sort du cadre immédiat de cette note, et qu'il n'y a lieu de toucher en passant en raison de l'important intérêt en jeu, on peut affermer que de l'avis général de tous les financiers de l'Europe, avis vérifié à Paris, ce revenu serait celui que le public accueillerait avec le plus de faveur en raison de sa sécurité, de son élasticité, et de ses ressources.

Au cas où, du côté du Gouvernement Russe ou Ottoman, on rencontrerait une opposition à l'adjonction de la Douane à la dette, il serait facile de trouver dans

la suite des négociations de nouveaux revenus à indiquer dans le but de les faire administrer d'une façon plus régulière, mais encore une fois rien ne serait plus simple, pratique, et rapide, que l'opération de la douane, et le Gouvernement céderait certainement devant une première pression énergique par la Russie et par la France. En cas d'adhésion du Gouvernement Russe, on pourrait lier les deux points:—

1. Attribution à la dette de nouveaux revenus [mais de préférence le seul revenu de la douane].
2. Nomination d'un Délégué Russe.

La conclusion d'un emprunt gagé sur une partie des recettes des douanes ne coûterait en quelque sorte rien aux Turcs par suite de la plus-value que le Conseil de la Dette Publique Ottomane ne tarderait pas à donner à ces recettes. Cependant jusque-là, comme le Gouvernement serait privé d'une source de revenus, il serait sage de songer à lui en assurer de nouveaux en compensation. Cela nous amène, sans perdre de vue les revendications déjà exercées par la dette sur la rentrée de tout ce qui lui est dévolu par son Décret constitutif, à l'idée de l'établissement des monopoles et de l'unification des chemins de fer qu'on aurait alors tout le temps d'examiner.

Il serait dans ce but intéressant de donner à la Dette Publique Ottomane, pour l'examen des propositions relatives à l'établissement des monopoles et de ce qui a trait aux chemins de fer, un rôle de Conseiller Financier du Gouvernement, celui-ci s'en remettrait à la dette, comme déjà il en saisit le Conseil d'Etat pour l'étude de ces propositions, et grâce à la présence dans son Conseil de représentants des Etats financiers les plus importants de l'Europe et pour entente à intervenir avec les groupes financiers qui se chargeraient de l'exploitation de ces monopoles.

Enfin ce premier plan de réorganisation financière doit être complété en quelque sorte par un deuxième échelon de réorganisation administrative, lié cependant lui aussi à la question financière. C'est l'examen des conditions dans lesquelles il serait possible de charger la Dette Publique Ottomane du paiement des appointements des fonctionnaires en Turquie, c'est un point de vue, qui, s'il est admis, devra donner lieu à une étude de détails minutieux, et lorsque les renseignements demandés à Constantinople pour l'établissement des sommes qui seraient nécessaires à cet effet, seront parvenus à Paris, il sera plus aisé de fixer les grandes lignes

Il est un autre moyen d'étendre les attributions de la Dette Publique Ottomane et de faire sentir son action bienfaisant dans cet Empire Turc, sur lequel l'Europe doit veiller avec soin, et dans tous les détails, pour éviter de graves complications. Mais la question n'ayant qu'un lieu secondaire avec celle qui préoccupe plus immédiatement M. Hanotaux, peut être réservée pour une étude complémentaire à remettre avec le travail ayant trait au paiement des fonctionnaires Turcs.

Ce moyen, dont l'application intéresserait aussi les Puissances, et surtout la diplomatie Française à laquelle revient l'honneur de l'arrangement intervenu à la Canée, favoriserait grandement la réalisation de l'Emprunt Crétois, car c'est de l'administration financière de l'Ile de Crète par la Dette Publique Ottomane qu'il s'agit. Peut-être, cependant, sera-t-il prudent, avant d'entamer cette négociation, d'attendre le résultat de celle ayant pour but le renforcement par un Délégué Russe du Conseil de la Dette.

Le présent exposé n'est destiné qu'à mettre en lumière les points qui nous paraissent devoir être signalés et examinés les premiers. Il semble que la question justifie tout l'intérêt que veut bien lui porter le Gouvernement de la République, que même n'y aurait-il à sauvegarder qu'une importante partie de l'épargne de la France, une nation amie comme la Russie devrait lui prêter son concours, enfin que pour le succès d'une si grande œuvre il serait indispensable d'agir vite pour éviter autant que possible des indiscrétions nuisibles. L'envoi à Saint-Pétersbourg d'une Commission composée d'un haut fonctionnaire du Département des Affaires Étrangères, d'un fonctionnaire du Ministère des Finances que le Délégué Français à la Dette Publique Ottomane se ferait un devoir d'accompagner, si le Gouvernement Français lui en exprimait le désir, paraîtrait le meilleur moyen pour ne pas perdre de temps en correspondance pour les détails, et après avoir établi l'accord, aller recueillir l'adhésion des autres Gouvernements et Syndicats intéressés.

Constantinople, le 15 *Octobre*, 1896.

Inclosure 2 in No. 18.

Memorandum by Sir Vincent Caillard on French "Confidential Note."

THE two points advocated in the French note are :—

1. The admission into the Ottoman Public Debt Council of a Russian Delegate.

2. The cession of fresh revenues to the Ottoman Public Debt Council for the purpose of raising a fresh loan.

No particular conditions appear to be attached to this loan, save that the first point should be conceded, although allusion is made to the advisability of the "payment of functionaries" by the Ottoman Public Debt Council.

1. It may be admitted that the Ottoman Public Debt Administration forms a useful instrument ready to hand for the introduction of not only financial, but of administrative reforms into Turkey; also, that in order that that instrument should become effective, it is necessary that it should be international. But the authority of every Delegate to the Council, especially in its international form, should be equal, and this would be far from being the case by the simple admission of a Russian Delegate. Under whatever form the Russian Delegate might make his appearance he would, in effect, be named directly by his Government, and would be considered as so named by the Sultan and the Turkish Government. This would give him so much greater weight and standing than that of the rest of the Council, that though in the interior administration of the Public Debt he would have no more than the single vote conferred upon each other member, yet in all matters of great importance, for instance of financial and administrative policy, it is his voice alone, with the authority of the Russian Government behind it, that would be listened to. It is impossible to foresee whither such a situation would lead, but clearly the risks are very great of the result obtained being extremely different from, indeed just the opposite of, what was intended. I believe the French idea is to gain the admittance of the Russian Delegate first, without raising the main question, "pour ne pas effarouche les Russes," and to insist on the official nomination of the Delegates as a second step. This would perhaps be the wisest course, for the consent of Russia to take part in the Public Debt Council would amount to such a complete reversal of her policy hitherto, that it is to be supposed that France will have great difficulty in persuading her to give it. But it must be thoroughly decided that the second step should follow quickly upon the first, and that the other Delegates should be officially named by their Governments without delay.

The question whether the official nomination of the other Delegates should be a condition of, or should follow, the admission of a Russian Delegate, requires most careful consideration. That admission is a matter of the first importance if properly guarded, but it must not be forgotten that the Russian Delegate, having been once admitted under the fiction of being a bondholder's representative, and having assumed the preponderating position, Russia might later on refuse to consent to the official nomination of the Delegates, and the object of the whole arrangement would be missed.

It is probable that the conversion of the Public Debt Administration into an International Commission would present no more difficulty than would the introduction of the Russian Delegate into its constitution. In both cases the consent of the Powers must be obtained, and the Decree of Mouharrem modified by Imperial Iradé. The only Power which might object would be Russia; such an objection would merely prove that the fears expressed as to the admission of a Russian Delegate under present conditions were well founded. On the other hand, if the intentions of Russia be really sincere, she could not object to the International Commission. As to the Sultan, he would at the outset resist any change, but if the Powers are *really* in agreement, would also accept any change. There would be no more difficulty, provided the real agreement amongst the Powers existed, in imposing upon him the International Commission, than the mere admission of a Russian Delegate into the Public Debt Council.

It should be observed that in certain minds there is a reluctance to extend the powers of the debt, from the fear that it would be acting "for the profit of financial groups." This objection falls at once to the ground if the debt becomes international, since it would then escape all influences of this kind, and fall within the sphere of political influence.

2. The loan should be granted only on condition that the International Commission be instituted, and on the conditions which that Commission would subsequently impose. These may be shortly resumed as follows :—

(1.) The direct administration by the Commission of all the revenues confided to it, without any interposition of the Ottoman authorities.

(2.) Strict limitation of the credits accorded to the various Ministries.

(3.) Strict limitation of the Civil List.

(4.) Payment of all functionaries of the Ministries of Justice, the Interior, and Finance.

(5.) Cession of fresh revenues [probably the customs, tithes, and "temettu" (patents tax)] to the Commission to meet the above expenses and service of the new loan.

To grant a new loan without conditions, as proposed by the French note, is merely to throw money into the sea, and render the present situation worse. It is an entire error to suppose that under existing conditions, whether a Russian Delegate be admitted or not, the revenues would increase, as foreshadowed by the French note. There might be some saving of expense, tending to arrest the fall of the net revenues. But this tendency would be counteracted by the fall of the gross revenues, due to lack of security and administrative disorder. It should be added that, if an International Commission be instituted, a conversion of the present debt would be feasible and advisable, which would immediately produce fresh resources. This conversion is no new idea, and was actually discussed with the Turkish Government some years ago.

On an International Financial Commission, formed as suggested, not only financial, but administrative, reform would follow as a matter of course. State Departments would exceed, or attempt to exceed, their credits, conflicts of various kinds would be sure to arise between the Commission and the Government, which would entail the adjunction of European advisers to the various Ministries, and European control would extend rapidly over the whole system, while the powers of the Financial Commisson would also gradually extend over the whole of Ottoman financial administration.

It may be said that the scheme here sketched out is too ambitious; that it is asking for too much. I believe that this too much is a *minimum* for all useful purposes, and that unless it can be obtained it would be better to do nothing, and let the *dénouement* come as quickly as possible. Financially, at any rate, it seems that it would have to come soon. The French public is so largely interested in Turkish finance (the French themselves estimate their interest at 120,000,000*l.*) that the French Government is almost bound to act. By turning this fact to account, French influence at Petersburgh might render it possible to obtain the results sketched out in this Memorandum.

(Signed) VINCENT CAILLARD.

Constantinople, October 20, 1896.

No. 19.

Mr. Gosselin to the Marquess of Salisbury.—(Received November 10.)

(No. 341.)

My Lord, *Paris, November* 9, 1896.

SIR EDGAR VINCENT, who has been staying for the last few days in Paris, called on me at the Embassy this morning.

He said that he had had several interviews with M. Hanotaux, during which he had discussed the financial conditions of Turkey, and he is to see him again to-morrow.

He gathers that the French Government are quite in favour of a Russian Delegate being appointed at once to the Council of the Ottoman Debt.

In reply to my inquiry whom the Russian Delegate would represent, in view of the fact that there are no Russian bondholders, Sir Edgar replied that either he would represent directly the Russian Government, or else it could be arranged that a certain number of bonds should be taken up in Russia; personally, he was in favour of the former alternative, which would, sooner or later, entail that the other Delegates, now representing only the bondholders, would receive their appointments from their respective Governments.

This would be, he admitted, the thin edge of the wedge, and the beginning of an international control over Turkish finance.

The Russian Government has hitherto been strongly adverse to any such a step; they desired to have a free hand at Constantinople whenever the break-up of the Ottoman Empire took place, and not to set up in Turkey an international control similar to that which has given Great Britain so much trouble in Egypt; but the Emperor had, apparently, admitted to M. Hanotaux that things could not go on as they are, and the only possible issue, short of an immediate collapse, appeared to be some such arrangement as that foreshadowed above.

Money was absolutely necessary in Turkey, but there would be no difficulty in finding sufficient guarantees for a new loan, there being many sources of revenue, as yet unassigned, which could serve for that purpose.

Finally, Sir Edgar said he was convinced we should hear no more of the Sultan's opposition to this or any other reform if His Majesty were convinced that England and Russia were really agreed to settle the question seriously.

I believe that Sir Edgar Vincent has recently had an opportunity of explaining his views on this subject to your Lordship; but I have thought it right all the same to record the observations he made to me this morning.

A usually well-informed colleague told me a few days back that the great banking houses in Paris are all in favour of some financial assistance being given to the Porte; and that when M. Hanotaux, in his speech in the Chamber on the 3rd instant, stated that "des vues précises ont été échangées" between himself and the Russian Emperor, his Excellency was referring to the proposal for appointing a Russian Delegate to the Commission of the Debt, and to the scheme for affording financial relief to the Ottoman Treasury.

I have, &c.
(Signed) MARTIN GOSSELIN.

No. 20.

Sir P. Currie to the Marquess of Salisbury.—(*Received November* 19.)

(No. 918.)
My Lord, *Constantinople, November* 7, 1896.

I HAVE the honour to forward to your Lordship herewith copy of a despatch which I have received from Mr. Vice-Consul Fitzmaurice, reporting on the financial straits of the Ottoman Government in the provinces.

I have, &c.
(Signed) PHILIP CURRIE.

Inclosure in No. 20.

Vice-Consul Fitzmaurice to Sir P. Currie.

Sir, *Smyrna, October* 29, 1896.

DURING my recent sojourn in the interior, I have had frequent occasion to notice the great financial straits to which the Ottoman Government is reduced by the drying up of its main sources of revenue consequent on recent deplorable events.

Trade being ruined and brought to a standstill by the destruction of life, property, and confidence, the customs revenue is everywhere dwindling away, the receipts of the Mersina and Alexandretta Customs having diminished 60 per cent.

The tithes, which are the mainstay and backbone of Turkish provincial revenues, have in the Armenian and other provinces suffered a great falling-off. In many cases no tithe farmers have come forward as the tithes are unsaleable, whereupon the Government has forced the villagers to purchase their own tithes at last year's prices. In some instances the villagers have absolutely refused to do so, and have been imprisoned and had other pressure brought to bear upon them to make them more tractable.

In the Caza of Roumkaleh the principal Moslems were so treated but still held out, obliging the Government to yield. The Major of the Roumkaleh Battalion of Reserves, which had been ordered to Antioch, being unable to obtain his travelling expenses and transport animals, not to speak of the soldiers' and officers' pay, was obliged to postpone his departure for nine days, during which the zaptiehs scoured the

caza, impressing any transport animals not secreted by the villagers, and scraping together some hundred medjidiehs, while finally, not being able to procure the irreducible minimum of his requirements, the gallant Major was obliged to allow his men to desert to their homes, with instructions to have their clothes mended, procure some pocket-money from their friends, and rejoin him on the march, he himself setting out a few days after with an effective of 150 men out of 800.

This year's receipts of the Aleppo Vilayet were barely sufficient to supply with the necessaries of life the troops under arms there, without leaving any margin for ammunition, equipment, the expenses of the civil administration, and remittances to Constantinople.

Formerly the zaptiehs and lower officials were left practically unpaid, and recouped themselves otherwise, the superior functionaries receiving their full pay, but this year the salaries of even Kaïmakams and the higher officials have been five and six months in arrears, while most Government employés have only received two months' pay.

This drying up of the sources of revenue does not apply only to the Armenian provinces. Even in Adana and Konieh, where no serious disorders have occurred, the latter province being peopled by the pure old Turkish stock, the financial distress is almost as great. In one caza in Konieh I have seen the Moslem peasants invading the Government house, insulting the Kaïmakam, and absolutely refusing to pay an additional tax which he sought to levy.

Road money, intended to be spent on the local roads, has now become a regular tax and goes to Constantinople, the public instruction tax meeting with a similar fate.

In Smyrna and one or two other places, I am assured, the Government has been obliged to make quasi forced loans on the Public Debt Administration, which, if true, is very significant.

Under the present régime this financial famine is certain to increase. Want of confidence means no trade, and absence of trade means vanishing receipts. In fact in most of the interior provinces the sources of revenue will soon be well-nigh exhausted, a state of things which will bring the Sultan's Government face to face with a problem much more serious than an Armenian, Druse, or Macedonian question.

The present grinding system of taxation to which the Government is forced to resort, would in a non-Moslem country lead to a revolution, but the Moslem peasant, persuaded by his rulers that his present woes are due, not to misrule, but to the machinations of infidel powers against the realm of Islam, is more likely, when the limit of endurance is reached, to vent his wrath on the remnant of the Christian population than to rise in rebellion against the grinding tyranny of which he and his Christian fellow-countrymen are alike the victims.

The Province of Aidin is wont to show the high-water mark of Turkish prosperity, but this year, even when prices and exports are good, the Smyrna Customs Returns show a diminution of 50 per cent.

I have, &c.
(Signed) G. H. FITZMAURICE.

No. 21.

Sir P. Currie to the Marquess of Salisbury.—(*Received November* 25.)

(No. 959. Most Confidential.)
My Lord, *Constantinople, November* 17, 1896.

WITH reference to my telegram No. 454, Confidential, of the 13th instant, I have the honour to transmit to your Lordship herewith copy of the letter and Memoranda communicated to me confidentially by Sir Vincent Caillard, which have been addressed by M. Berger, French Delegate on the Council of the Ottoman Public Debt, to M. Hanotaux, on the subject of the financial situation of Turkey.

Sir Vincent Caillard is of opinion that the first two Memoranda bear the impress of having been drawn up, or at any rate inspired, by the Ottoman Bank. The third, he informs me, was in the first place drawn up by a high official of the Debt at M. Berger's confidential request, but has subsequently been greatly modified and altered by the latter.

I have, &c.
(Signed) PHILIP CURRIE.

Inclosure 1 in No. 21.

M. Berger to M. Hanotaux.

(Confidentiel.)

Constantinople, le 31 *Octobre*, 1896.

M. le Ministre,

VOUS m'avez fait l'honneur de me demander l'exposé de la situation financière actuelle en Turquie et de me tracer la voie qu'il y aurait à suivre pour y porter remède, en me chargeant de vous rédiger une note sur ces bases avec les renseignements de détail dont ma gestion de la Dette Publique Ottomane devait me donner la connaissance.

En même temps vous vouliez bien m'autoriser à vous soumettre mes vues sur cette grave question, avec des variantes aboutissant cependant au même but, mais constituant, en quelque sorte, la discussion du même problème, l'examen consécutif de chacune d'elles pouvant en faciliter la solution.

Dans cet esprit et en me défendant d'abuser de vos instants, en vous soumettant les moyens plus ou moins pratiques qui me sont suggérés par mes réflexions ou par les porteurs principaux en France, je prends la liberté d'ajouter le présent travail à celui que je me suis déjà permis de faire passer sous vos yeux.

Peut-être, si les autres combinaisons qui ont déjà attiré votre attention soulèveraient de trop sérieuses objections, trouveriez-vous ici un nouvel élément propre à faciliter les efforts que votre clairvoyance et votre patriotisme vous font tenter pour la sauvegarde de la paix et de l'épargne Française en Turquie et dont les porteurs Français, auxquels je n'ai pas manqué de dire qu'ils devaient s'en remettre entièrement à vous, vous sont tout particulièrement et profondément reconnaissants.

Veuillez, &c.

(Signé) LÉON BERGER.

Inclosure 2 in No. 21.

Memorandum.

(Confidentiel.)

ON trouverait immédiatement une disponibilité annuelle considérable par l'économie à faire sur les sommes actuellement engagées par la Turquie pour le service de ses derniers emprunts:—

	Date du Contrat.	
1. Dette 5 pour Cent	29 Mars,	1886
2. Pêcheries 5 pour Cent	13 Novembre,	1888
3. Consolidation 4 pour Cent	27 Avril	1890
4. Priorités Tombac 4 pour Cent	8 Mai,	1893
5. Chemin de Fer 1894 4 pour Cent	28 Février,	1894
6. Emprunt 1896 5 pour Cent	12 Mars,	1896

Ce résultat serait obtenu si on fondait tous ces emprunts dans une conversion en Dette Consolidée 3 pour Cent garantie par toutes les Puissances, qui, cela paraît établi, attachent le plus grand prix au rétablissement de la tranquillité en Turquie.

Au cas où toutes les Puissances ne voudraient pas se rallier à cette proposition, il suffirait, comme en maintes autres circonstances, de l'agrément de quelques-unes des Grandes Puissances et, au besoin, de la Russie et de la France seulement.

Cette combinaison libérerait des fractions importantes des annuités affectées au service de ces six emprunts précités.

Ces fractions deviendraient immédiatement disponibles pour servir de gage à un nouvel emprunt qui, fondu dans l'Emprunt Général Garanti, pourrait être placé à un très haut prix.

Le capital de l'emprunt ainsi réalisé atteindrait une somme de 300 millions environ, sans charges nouvelles pour l'Empire Ottoman, et même en augmentant son fond d'amortissement, deux considérations dont il faut tenir compte pour ne pas compromettre l'avenir et l'améliorer encore.

Ce serait aussi améliorer le présent que d'assurer à la Turquie la plus-value considérable résultant du changement d'un titre simplement Turc en un titre garanti par les Puissances.

Les sommes à revenir à la Turquie sur cet emprunt devraient être échelonnées sur plusieurs années afin que les États garants puissent se rendre compte de l'emploi des fonds qu'elles auraient garantis.

Les ressources à tirer de la plus-value provenant de la conversion des Douanes, de l'unification des chemins de fer et des monopoles demeureraient de la sorte intactes et ouvertes.

Les risques des Gouvernements garants seraient nuls, car les sommes affectées à ces différents emprunts couvriraient largement les engagements pris, à condition, toutefois, qu'ils soient gérés par la Dette Publique Ottomane ayant dans son Conseil un Délégué de chacune des Puissances garantes.

Peut-être en France le Parlement montrerait-il quelque froideur (comme il en a été, l'an passé, pour la garantie de l'Emprunt Chinois que la Russie a dû faire seule) pour entrer dans cette voie, mais il s'agit en ce moment de circonstances et d'intérêts autrement graves pour la France.

Et puis on peut citer comme précédent l'Emprunt Turc de 1855 s'élevant à 125,000,000 fr. garantis par la France et l'Angleterre sans qu'il y ait jamais eu lieu de faire appel à cette garantie, qui a cependant fourni à la Turquie à cette époque un crédit qu'elle n'aurait pu obtenir seule.

Je garde le silence à dessein parce que cela constitue le contrôle international sur ce qui s'est passé en 1885, époque à laquelle la France, l'Angleterre, l'Allemagne, l'Autriche-Hongrie, la Russie, et l'Italie ont été d'accord pour fournir à l'Égypte les moyens de régler sa situation financière en garantissant un Emprunt Spécial 3 pour Cent (9,400,000*l.*) émis au cours de 95½ pour cent. et dont les titres sont presque introuvables à 100.

Le service en est fait par un prélèvement de 315,000*l.* sur les premières recettes de la Caisse de la Dette Égyptienne qui, même après ce prélèvement, fait simplement face encore au service des deux autres fonds Égyptiens 3½ pour Cent Privilégié et 3 pour Cent Unifié.

Il ne rentre pas dans le cadre de cette note de discuter le détail des chiffres se rapportant à la conversion des six derniers emprunts Turcs en Consolidé 3 pour Cent qu'il y a lieu cependant de prouver par un exposé d'ensemble qu'on pourrait trouver ainsi aux Turcs la somme de 300,000,000 fr., à laquelle j'ai fait allusion plus haut et c'est ce qui fait l'objet de l'Annexe ci-jointe (No. 1).

Au cas où l'Europe voudrait aller plus loin dans la voie de la mise en tutelle de la Turquie, et où, en outre de l'opération de la conversion détaillée dans l'Annexe No. 1, elle voudrait procéder à une réorganisation complète des finances Turcs, sans pour cela exiger une Commission de Contrôle "International," il suffirait qu'elle emploie simplement de la Dette Publique Ottomane telle qu'elle existe. Il y aurait encore quelques développements à donner ici à l'idée déjà émise dans un précédent travail de restauration des Douanes Ottomanes. Il faudrait aussi décider l'attribution à la Dette Ottomane de quelques autres revenus, afin, d'une part de fixer les produits destinés à la liste civile, et d'autre part, de trouver les ressources nécessaires à la régularisation des appointements des fonctionnaires et de l'armée.

Les autres revenus pourraient être l'impôt foncier et les diverses dîmes ou taxes sur le bétail dans les circonscriptions où elles ne sont pas déjà affectées.

La délégation de ces impôts à la Dette Publique Ottomane aurait, d'ailleurs, l'avantage d'en assurer une perception régulière, légale, équitable, et sans abus, et de supprimer par suite la cause de beaucoup de plaintes.

Ce serait un double service rendu au Fisc et aux contribuables, et dans ces conditions le Gouvernement Ottoman se trouverait privé de ses meilleures ressources, par contre il serait parallèlement déchargé de ses plus grandes dépenses.

Si encore, et pour ne pas allonger la présente note, il y a lieu de faire un examen détaillé de la question avec chiffres à l'appui et c'est ce qui fait l'objet de l'Annexe No. 2.

Inclosure 3 in No. 21.

Memorandum on the various Turkish Loans.

(Confidentiel.)

Annuités des Emprunts.

		£ T.	£ T.
	Emprunts 5 pour Cent.		
295,451 obligations ..	Douanes 5 pour Cent 1886 .. .. .. (Amortissement par rachats.)	590,000	
75,660 „ ..	Pêcheries 5 pour Cent 1888 .. .. .. (25 ans — 7.)	115,000	685,000
148,760 „ ..	Nouvel Emprunt 1896 5 pour Cent .. .. (49 ans.)	180,000	
	Emprunts 4 pour Cent.		
227,250 obligations ..	Consolidations 1850 4 pour Cent .. .. (13 ans — 6.)	227,300	
45,455 „ ..	Priorité Tombac 1894 4 pour Cent .. .. (11 ans.)	51,500	354,500
80,000 „ ..	Chemins Orientaux 1894 4 pour Cent .. .. (64 ans — 2.)	75,700	
	Ensemble	..	1,039,500
	Représentant le coût net annuel de ces six emprunts, soit	..	Fr. 23,508,500

Montant restant à rembourser le 1er Novembre, 1896, sur les six Emprunts ci-dessus.

		Fr.	Fr.
	Emprunts 5 pour Cent.		
260,566 obligations ..	Douanes, soit nominal	130,283,000	
62,611 „ ..	Pêcheries, soit nominal	31,305,000	235,968,000
148,760 „ ..	Nouvel Emprunt 1896	74,380,000	
471,937 „ ..			
	Emprunts 4 pour Cent		
210,000 obligations ..	Consolidation, soit nominal	105,300,000	
43,786 „ ..	Priorité Tombac, soit nominal	21,890,000	166,826,000
79,272 „ ..	Chemins Orientaux, soit nominal	39,636,000	
333,058 „ ..			
	Montant total du capital à rembourser actuellement (sans tenir compte de la fraction d'intérêt courue) pour éteindre ces six emprunts	..	402,794,000
	L'annuité actuelle de 23,900,000 fr. (effectivement) couvrant les six emprunts Turcs ci-dessus détaillés, transformée en une annuité à 3 pour cent pour un emprunt international permettrait la création d'un capital nominal de .. .. qui deviendrait un capital effectif si l'on suppose le placement de cet emprunt à 3 pour cent (à garantie internationale fait au pair).		796,666,000
	Mais d'autre part le capital à rembourser sur les six emprunts Turcs, au pair, étant suivant calcul ci-dessus de		402,794,000
	Il resterait un excédent disponible de .. .. ; capital qu'il y aurait lieu de déduire le montant X.... qu'on voudrait réserver pour l'amortissement		393,872,000

	Fr.
Pour rendre le nouveau 3 pour Cent International très attrayant et lui faire un succès d'émission, si on voulait l'offrir un peu au-dessous du pair, par exemple, à 97 pour cent (de manière à montrer de suite aux souscripteurs un bénéfice probable de trois ou quatre points, il y aurait lieu de déduire de l'excédent ci-dessus calculé .. .. .. (représentant 3 pour cent sur 796,666,000 fr.; puis si l'on voulait réserver un amortissement de $\frac{1}{4}$ environ, qui coûterait en capital .. et réserver pour les premiers frais	23,900,000 66,100,000 3,872,000
on arriverait à un ensemble de déductions de	93,872,000
laissant toujours un excédent disponible de	300,000,000

Cet excédent en capital "cash" de 300,000,000 fr. proviendrait donc d'une double source :—

1. De la garantie internationale, grâce à laquelle on placerait à 3 pour cent environ un ensemble de capitaux qui actuellement se capitaliserait entre 5 et 6¼ pour cent. C'est de là que vient la plus forte partie de la somme économisée annuellement et récapitalisée;

2. De la prolongation de l'amortissement, car, avec une attribution de ¼ pour cent à l'amortissement la durée pendant laquelle l'annuité totale de 23,900,000 fr. est engagée est plus longue que celle qui résulte des contrats actuels des six emprunts.

Il y aurait à faire ici un calcul un peu compliqué pour préciser la durée moyenne de l'affectation annuelle de 23,900,000 fr. en tenant compte des échéances respectives de chacun des emprunts.

Mais si l'on voulait, pour ne rien changer aux charges de la Turquie, pour ne les augmenter ni dans le présent, ni dans l'avenir, calculer l'amortissement du nouveau fonds en le basant sur le nombre d'années pendant lesquelles se trouve déjà engagée l'annuité de 23,900,000 fr., de manière à le faire coïncider avec l'amortissement moyen des six emprunts actuels, on trouverait encore une somme très considérable (de 200 à 250 millions de francs) qui serait alors représentative uniquement de l'avantage donné à la Turquie par les Puissances Garantes au moyen de ce que l'on pourrait appeler leur "endossement."

Autrement dit le "concours moral" des Puissances peut se traduire en réalités concrètes et se résoudre en argent comptant pour une somme comprise probablement entre 200 et 250 millions de francs.

Comme commission pour leur endossement, les Puissances peuvent et doivent demander et obtenir, sinon le contrôle réel, comme en Égypte, par une Commission Internationale officielle, diplomatiquement reconnue, au moins l'administration des gages du nouvel emprunt par la Dette Publique Ottomane dans les mêmes conditions que pour les revenus déjà concédés.

Or, les ressources en question ne peuvent pas périr par des accidents de la nature qui seraient en dehors de toute prévision; elles ne pourraient être mises en danger que du fait de complications internationales, mais si la garantie aussi est internationale, on voit que précisément la garantie couvre le risque, l'annule et établit sur une base inébranlable au rapport dorénavant indestructible entre le seul danger possible, désormais aboli, qui aurait pu faire courir un risque, et les Pouvoirs par lesquels seuls ce risque et ce danger auraient pu être suscité, mais qui, étant garants, sont dans l'impossibilité de le faire.

On ne porte pas atteinte à des droits qu'on a soi-même reconnus, garantis, et auxquels on doit réparation pour tout préjudice causé.

Les Puissances sauraient faire comprendre à la Porte que c'est un véritable don qu'elles lui font par la garantie accordée à ses titres; mais, pour ne pas tomber dans les fautes sérieuses du passé, elles demanderaient l'accomplissement actuel et immédiat de ce qui doit être la contre-partie de leur appui: extension et renforcement des attributions de la Dette Publique Ottomane, réformes administratives, satisfactions données (non pas par promesses par Iradé) sur la question Arménienne comme sur les autres réformes réclamées par les Musulmans, amnisties étendues. La démence à laquelle le Sultan est en proie est telle qu'il faudrait certainement une pression énergique des Puissances, pour lui faire accepter des avantages cependant si considérables, et c'est pour cela qu'il est spécifié plus haut qu'il y aurait à faire entendre raison tout d'abord à la Porte.

Si l'acceptation par la Turquie d'une telle combinaison est probable, il reste à savoir ce que pourront dire les Puissances lorsqu'un tel plan viendrait à leur être exposé. On peut s'attendre à des objections de la part de la Russie et à des hésitations de la part des autres Puissances. Pourtant il est facilement démontrable, que ce serait de l'intérêt des nationaux des Six Grands États intéressés de voir aboutir cette combinaison, et pour deux motifs :—

1. A cause des capitaux considérables engagés par des capitalistes Européens, dans

les fonds et entreprises divers en Turquie. Ces fonds ou ces entreprises sont, ou menacent d'être, en souffrance. La combinaison les revivifierait, rendrait partout la confiance et développerait les affaires. Ces capitalistes, petits et grands (car il y a beaucoup de petits porteurs), seraient reconnaissants à leurs Gouvernements respectifs de les avoir protégés, et ce résultat serait obtenu sans que cela coûte aucun sacrifice. C'est d'ailleurs absolument dans cet esprit qu'avait été entreprise la campagne de réorganisation financière en Égypte, d'abord par la France et l'Angleterre seules (condominium) puis avec le concours des autres nations.

2. Parce que tous les autres États Garants, en vertu même de la régénération immédiate manifestée en Turquie, y trouveraient un terrain admirablement préparé pour créer des débouchés à leur commerce et à leur industrie. Ici, la Russie, peu ou pas intéressée dans les fonds Ottomans, trouverait sa revanche. Comme voisine immédiate et riveraine de la Mer Noire, elle serait mieux à portée que d'autres de fonder en Turquie de profitables entreprises commerciales et industrielles. Il suffit de mentionner comme exemple les pétroles.

Ce deuxième argument invoqué en faveur de la combinaison de garantie des Puissances en Turquie montre que, non seulement les Gouvernements, mais encore les porteurs de fonds Ottomans, ou les capitalistes déjà engagés dans les entreprises Turques, et même tous les négociants quelconques ou industrielles de tous pays, cherchant un nouveau terrain d'action (les anciens étant épuisés ou encombrés) doivent s'unir pour solliciter leurs Gouvernements respectifs d'accomplir une action grande et forte qui fera le bien de tous.

La garantie internationale portant sur une annuité de 23,900,000 fr. représenterait pour chacune des Six Grandes Puissances une quotepart d'un peu moins de 4 millions de francs, à laquelle il n'y aurait d'ailleurs jamais lieu de faire appel, l'engagement étant toujours satisfait par le débiteur surveillé, contrôlé, et n'ayant par conséquent pas à être "honoré" par l'endosseur.

Les chiffres indiqués plus haut peuvent singulièrement être améliorés, soit qu'on trouve cette amélioration dans le sens d'une augmentation du capital nouveau à trouver, soit qu'on la transforme en une diminution de charge et de garantie. En effet, la base prise a été le remboursement au pair des six emprunts (dont trois Emprunts 5 pour Cent et trois Emprunts 4 pour Cent).

Il y aurait quelque chose de choquant à traiter sur le même pied des Emprunts 5 pour Cent cotés respectivement 87–80 pour cent et 76 avec des Emprunts 4 pour Cent cotés respectivement 79, 70, et 65.

En sus des différences de taux, il y a entre les emprunts d'un même taux des différences de qualité provenant de la valeur des gages, de l'ancienneté du titre, de sa facilité de réalisation, de la durée de son amortissement, &c.

Il faut tenir compte de tout cela en une certaine mesure, et prendre par exemple pour chaque emprunt le cours moyen de sa cote pendant les six mois qui ont précédé la crise, légèrement majoré.

Les porteurs seraient trop heureux de céder leurs titres contre argent à un cours ainsi établi, ou bien de prendre en paiement un 3 pour Cent International à 97 pour cent.

On voit que par là, le montant total à rembourser des six anciens emprunts (chiffré plus haut 402,794,000 fr.) se trouverait fortement diminué. C'est un calcul à faire.

Cette diminution du capital à rembourser augmenterait la quotité disponible de capital nouveau, à moins qu'on ne préférât la muer en une diminution de charge et garantie annuelles, ou en raccourcissement de la période d'amortissement.

Enfin une autre combinaison consisterait à dire que la garantie internationale serait donnée contre une diminution, disons de 25 pour cent de revenu. Les obligations 3 pour Cent donnant 25 fr. auquels auraient droit alors à 18 fr. 75 c., en 3 pour Cent International. On peut varier, à l'infini, les procédés effectifs d'application de l'idée, la difficulté ne sera pas là. Mais il serait inutile de se lancer dans ce travail si son objet même se trouve hors d'atteinte faute de réussir à faire adopter par qui de droit l'idée elle-même.

Constantinople, le 31 *Octobre,* 1896.

N.B.—Les chiffres de cette note ont été calculés à la Banque Ottomane.

Inclosure 4 in No. 21.

Memorandum.

(Confidentiel.)

IL a été annoncé (p. 3, paragraphe 3) dans la note remise le 15 Octobre dernier à M. Hanotaux, Ministre des Affaires Étrangères, qu'une étude minutieuse de la question pourrait être remise à son Excellence d'après les renseignements demandés à Constantinople, pour le cas où les Puissances jugeraient nécessaires d'étudier les attributions de la Dette Publique Ottomane en chargeant cette Administration du paiement des fonctionnaires Turcs.

Ces renseignements étant arrivés, il nous a paru que cette étude pour être complète devait aussi traiter du paiement de l'armée et de la Liste Civile du Sultan.

C'est dans cet ordre d'idée que le présent travail a été élaboré. La note précité exposait que le revenu, qui tout d'abord pourrait être le plus aisément rattaché à la Dette Publique, était celui de la Douane.

Déjà une bonne part lui en revient (£ T. 102,026 en remplacement de l'excédent des revenus de Chypre et £ T. 50,000 pour droits sur Tumbeki). Une autre part est destinée au service des emprunts dits Douanes et Osmanié (ensemble £ T. 470,000).

Du reste on peut répéter qu'il y a une analogie frappante entre l'impôt des Douanes et les autres impôts indirects dont la gestion a été abandonnée au Conseil, à telles enseignes, que, à Constantinople, avant la fondation d'une Administration spéciale pour la Dette Publique, c'était l'administration des Douanes qui gérait les revenus appartenant à présent à la première, et, bien qu'elle n'ait plus qu'à s'occuper des matières douanières, cette Administration a continué à s'appeler Direction Générale des Contributions Indirectes.

La fusion de la douane avec les autre impôts indirects serait donc logique et facile à réaliser.

Elle n'aurait pas seulement qu'un avantage de méthode: la surveillance des deux services pouvant être excercée par le même personnel, et les cadres administratifs pouvant suffire aux deux offices, il y aurait une diminution notable sur les frais généraux.

Ainsi les Douanes dépensent annuellement de £ T. 200,000 à £ T. 300,000. Il est vraisemblable que, avec la concentration des revenus, il ne serait plus nécessaire que £ T. 100,000 avec un boni de £ T. 200,000, ce qui ne serait pas à dédaigner, étant donné la pénurie du Trésor Ottoman.

D'ailleurs, si le revenu de la Douane ne dépasse pas les environs de £ T. 200,000, avec les organes chargés de le percevoir, il n'est pas imprudent de confirmer, que, entre les mains de la Dette, il serait susceptible de recevoir promptement une plus-value analogue à celle dont ont bénéficié depuis 1881 les autres impôts confiés à sa vigilance, ou tout au moins 50 pour cent, car les réformes appliquées et l'ordre établi, les causes actuelles de diminution de ce revenu disparaîtraient.

Cet ensemble de considérations, s'il était appuyé par un désir énergique de l'Europe, et notamment de la Russie, déciderait sans doute l'adhésion du Sultan, quelle que soit la résistance à laquelle on puisse s'attendre de la part du Palais, qui dilapide une trop large part du revenu qu'il s'agirait de régulariser.

Les prélèvements annuels opérés par la Liste Civile sur l'impôt des douanes ne s'élève pas moins en effet de £ T. 705,000, ce qui ne laisse en ce moment disponible pour les besoins du Trésor que £ T. 300,000 sur la recette totale.

Ce n'est pas du reste la seule source où la Liste Civile puise. Elle s'est réservé bien d'autres ressources, en s'arrangeant même pour qu'il soit presque impossible de les connaître, et de les mesurer. On sait, cependant, que dans beaucoup d'endroits, et non des moins mauvais, les pêcheries lui sont abandonnées; c'est ainsi dans le Vilayet de Salonique, par exemple.

On peut dire, en restant encore au-dessous de la vérité, que la Liste Civile prend sur les impôts divers au moins £ T. 1,200,000 (£ T. 100,000 par mois), ce qui représente 27,500,000 fr. annuellement.

Pour toutes les Monarchies d'Europe la dotation assignée à la Liste Civile est régulièrement déterminée suivant les charges générales et la situation économique du pays.

D'après les quelques renseignements que j'ai pu me procurer à la hâte—

L'Angleterre donne à la Liste Civile	£ stg.	407,301
La Saxe	Marks	3,152,300
Le Wurtemberg	„	2,014,203
L'Espagne	Pesetas	2,500,000
Le Danemark	Couronnes	1,000,000

Dans certains Budgets, les crédits de la Liste Civile sont joints à ceux des apanages accordés aux membres des Familles Royales; par exemple:—

En Bavière ils ont pour les deux destinations réunies	Marks	5,403,296
En Italie	Lires	15,050,000
En Portugal	Milréis	525,000

Ailleurs la qualification est seulement celle de dépense de la maison du Souverain. Elle figure sous ce nom:—

En Autriche	Avec florins	4,600,000
En Hongrie	"	4,650,000
En Hollande	"	804,000
En Suède et Norvège	couronnes	1,320,000

D'autres pays encore emploient des termes légèrement différents.

C'est ainsi qu'en Prusse figure un crédit de 8,000,000 marks à titre de supplément de dotation à la rente des fonds des fidéicommis de la Couronne, qu'en Belgique, le chapitre dit des dotations s'élève a 4,796,180 fr., dépassant de beaucoup ce qui a été attribué aux besoins du Roi.

Sous ces diverses étiquettes se trouve naturellement une dépense de même ordre pour l'entretien du Chef de l'État.

En Turquie, comme partout, cette dépense s'impose.

Mais s'il est légitime qu'il y soit pourvu dans des questions largement convenables il est tout autant nécessaire qu'elle ne devienne pas le faix sous lequel tout le Budget ploie.

Comment pourrait-on justifier par exemple qu'il faille plus de 27 millions de francs au Sultan, alors que 10 millions suffisent à la Reine Victoria?

La Turquie est-elle plus riche que l'Angleterre? Hélas! et quand la misère est partout dans l'Empire, quand la ruine y guette tout le plus clair de ce que, à force de sacrifices, le pays donne pour le service public, s'en va en dépenses inutiles, en folles prodigalités.

Il me semble qu'avec £T. 200,000, le prélèvement de la Liste Civile sur l'impôt serait très largement compté. Il y aurait encore disposition entre la charge consentie et les ressources de la nation, mais ainsi, l'allègement de celle-ci serait cependant tel qu'elle n'aurait qu'à s'en féliciter.

Avec la combinaison dont les grandes lignes viennent d'être exposées, le Trésor Turc trouverait une ressource annuelle, liquide, d'au moins £T. 1,200,000 (27,600,000 fr.) sans compter la plus-value certaine qu'entraînerait la gestion de la Douane par une Administration nouvelle.

On voit immédiatement le profit qu'il pourrait en tirer avec l'appui du Conseil de la Dette, pour liquider son passif et pour parer aux nécessités de l'avenir.

Il n'y aurait pas d'obstacle insurmontable, même, à ce que la conversion de ses engagements antérieurs fut comprise dans l'opération élargie assez pour la comprendre, et qu'il en recueillit encore un nouveau bénéfice.

Si précieux que soient cependant les fruits de la combinaison, ils n'iraient pas jusqu'à fournir le moyen d'assurer un service régulier de traitements. Rien qu'à Constantinople, ces traitements pour les fonctionnaires civils, atteignent une somme de £T. 180,000 par mois. Il n'est pas exagéré de penser que, dans les provinces, la somme est deux ou trois fois supérieure. D'un autre côté, si l'on régularisait les appointements de l'élément civil, il faudrait en toute justice, agir de même avec l'élément militaire, lequel doit absorber au moins le double de ce qui est nécessaire à l'autre.

Il est vrai que l'Administration chargée du service du paiement pourrait et devrait exercer un certain contrôle préventif à organiser sur la dépense; il n'y aurait pas moyen autrement que, avec des revenus limités, elle assumât la charge de faire face à des dépenses qui n'auraient pas de limites.

Ce point de vue ayant déjà fait l'objet de la note sur l'état intérieur de la Turquie, remède à y apporter, remise à M. Hanotaux le 20 Octobre, je n'y reviendrai pas.

Néanmoins, pour que le service des traitements fût normal, il faudrait encore confier à la Dette des revenus spéciaux, par exemple, l'impôt foncier et les diverses dîmes ou taxes sur le bétail, dans les cazas où ces revenus ne sont pas déjà affectés.

Naturellement pour que le système soit complet, susceptible d'un rendement amélioré et suffisant au service à faire, les impôts dont il vient d'être question pourraient réellement et directement sous l'Administration de la Dette, y compris les circonscriptions où ils sont déjà donnés en garantie à certains créanciers de l'État ou aux Compagnies de Chemins de Fer.

Paris, le 31 Octobre, 1896.

No. 22.

Mr. Milbanke to the Marquess of Salisbury.—(Received November 30.)

(No. 367. Very Confidential.)
My Lord, *Vienna, November 21, 1896.*

COUNT GOLUCHOWSKI, whom I saw two days ago, informed me that he had as yet received no communication from the Russian Government in regard to the proposed financial reforms in Turkey. He had, indeed, heard that Count Montebello had spoken to the Emperor on the subject on his return to St. Petersburgh, and that His Majesty had not expressed himself unfavourably with reference to the French scheme. Since then, however, the Austrian Chargé d'Affaires had reported that objections were being raised thereto by M. Nélidow and the Russian Minister of Finance.

From what Count Goluchowski had heard of the French reorganization proposals, he seemed to apprehend that there would be considerable difficulty in their execution. A guarantee for a new Turkish loan had been spoken of, but would all the Powers agree to such a proposal? He very much doubted either Germany or England caring to do so, while, as for himself, he should have extreme hesitation in joining any action of the kind. On my remarking that the French might then propose a guarantee by one or by two Powers alone, he immediately replied, that such a proposal might be fraught with very serious consequences; it would imply a want of unanimity between the Powers, and would give so great an influence to the guaranteeing Powers, that it was a great question whether the others would be able to consent to so dangerous an experiment.

Count Goluchowski went on to say that he quite understood that the Russian Government should object to the appointment of a Russian Delegate on the Public Debt Commission, which would only put them on an equal footing with all the other Powers; whereas now they occupied an exceptional position as creditors of Turkey, based upon the war indemnity. But beyond this, Count Goluchowski's private opinion was that Russia's real objection to the French scheme was due to the fact that she did not wish for any real amelioration of the situation in Turkey. In regard to M. Hanotaux's activity in the financial question, his Excellency felt sure that great pressure was being brought to bear upon him by the Paris bankers, who had such large interests at stake; but he thought M. Hanotaux was in error in considering that the Sultan would give way to financial pressure. His Majesty would still find means, for some time to come, of flaying his subjects and extracting further sums from them; and though this could not, of course, go on for ever, for the present His Majesty would be able to find sufficient means at home for actual needs without the financial assistance of the Powers.

I have, &c.
(Signed) RALPH MILBANKE.

No. 23.

Mr. Milbanke to the Marquess of Salisbury.—(Received November 30.)

(No. 369. Confidential.)
My Lord, *Vienna, November 24, 1896.*

I HAVE the honour to inform your Lordship that Count Goluchowski tells me that he has received similar information to that which has been reported by Sir N. O'Conor, viz., that the Emperor of Russia was unwilling to consent to any undertaking which implied the adoption of coercive measures against the Sultan. His Excellency, who did not appear to be surprised at this intelligence, evidently thought that the announcement of this resolve on the part of the Russian Government rendered the prospect of any satisfactory result being obtained in regard to the introduction of reforms in Turkey extremely problematical. The Ambassadors might, indeed, continue to study the question, but, as far as he himself was concerned, he was as much opposed as ever to undertaking any action, except on the understanding that it was not to be another farce, and that the Powers really intended to enforce whatever proposals they should agree upon.

The Great Powers appeared, indeed, to be unanimous on the subject of maintaining the *status quo*, but while the one part wished, by the introduction of salutary reforms, to postpone the final break-down of the Turkish Empire as long as possible,

the other apparently objected to adopt any such measures, and was willing merely to look on, while the situation in Turkey drifted from bad to worse. Under these circumstances, the only slight cause for satisfaction was that Russia, whatever her other intentions might be, did not appear to wish for any general conflagration. As long as the situation at Constantinople remained quiet there was consequently no immediate cause for anxiety, but Count Goluchowski said he should very much like to know what action the Powers meant to take in the event of a further outbreak in the Turkish capital, which, after all, might occur at any moment.

In alluding to the refusal of the Russian Government to accept the French scheme for the reorganization of the financial administration of Turkey, Count Goluchowski said that he thought it must have caused M. Hanotaux very considerable annoyance. He had been led to believe for weeks past that the French and Russian Governments had come to a complete understanding, and had been in daily expectation of a communication from M. Chichkine on the subject, instead of which he had now received the announcement that the Russian Government would have nothing to do with the French proposals. During the various conversations I have had with his Excellency on the subject he always seemed to me to entertain a certain mistrust in regard to M. Hanotaux' financial scheme, as he appeared to imagine that its principal object was to serve specific French financial interests.

I have, &c.
(Signed) RALPH MILBANKE.

No. 24.

Mr. Milbanke to the Marquess of Salisbury.—(Received November 30.)

(No. 376. Confidential.)
My Lord, *Vienna, November 27, 1896.*

IN the course of a conversation yesterday with Count Goluchowski, his Excellency told me that, from information he had received from St. Petersburgh, Count Montebello's endeavours to induce the Russian Government to agree to the French scheme of financial reorganization in Turkey had met with complete failure. The Russian Cabinet was not opposed to certain of the reforms proposed, but to the scheme as a whole it was impossible for them to give their assent.

With reference to this subject I have the honour to inform your Lordship that I hear, from a private and usually reliable source, that during the audience which M. Meline had of the Emperor of Russia on the occasion of His Majesty's visit to Paris, his Excellency expressed himself in strong terms against the measures for the reform of the currency in Russia, and went on to tell His Majesty that, if the present direction in regard to the financial policy adopted by M. Witte were continued, it would be difficult for the Russian Government to raise any further loan at Paris. In connection with the opposition offered by M. Witte to the proposals brought forward by M. Meline's Government for financial reforms in Turkey, the above incident appears to be not devoid of all interest, and I have therefore ventured to report it to your Lordship.

I have, &c.
(Signed) RALPH MILBANKE.

No. 25.

The Marquess of Salisbury to Sir P. Currie.

(No. 396.)
Sir, *Foreign Office, December 17, 1896.*

IN the course of conversation with the Turkish Ambassador to-day, his Excellency stated that he was anxious to resume negotiations with a view to the commutation of the Cyprus Tribute.

He proposed that two-thirds of the amount which would be saved by the operation should be assigned to the Turkish Government and one-third to Cyprus.

I informed his Excellency that I thought the proportion which he suggested should be assigned to Cyprus would be insufficient, but that, until I saw the actual amounts to be dealt with, I could form no opinion.

I said I would consult the Chancellor of the Exchequer in the matter.

I am, &c.
(Signed) SALISBURY.

No. 26.

Anthopoulo Pasha to the Marquess of Salisbury.—(Received December 22.)

L'AMBASSADEUR de Turquie présente ses compliments à sa Seigneurie le Marquis de Salisbury, et a l'honneur de porter à sa connaissance ce qui suit :

Contrairement aux dispositions formelles du Traité de Berlin et à la Convention du 24 Mai, 1881, la Bulgarie, la Grèce, la Serbie, et le Monténégro n'ont pas encore payé ni les redevances qui avaient été mises à leur charge ni leurs parts dans la dette générale de l'Empire.

Cette obligation est restée jusqu'ici lettre morte malgré les démarches que le Gouvernement Impérial n'a cessé de faire à ce sujet auprès des Puissances Signataires.

Comme il ne serait ni juste ni équitable de laisser indéfiniment en suspens une question à laquelle se rattachent de si nombreux et légitimes intérêts, la Sublime Porte se plaît à espérer que le Gouvernement de Sa Majesté Britannique voudra bien se mettre en communication avec les autres Gouvernements Signataires du Traité de Berlin pour la fixation, conformément aux stipulations de cet Acte, tant du tribut de la Bulgarie que des parts contributives de cette Principauté ainsi que de la Grèce, de la Serbie, et du Monténégro, à la Dette Publique Ottomane.

Ambassade Impériale de Turquie, Londres,
le 21 Décembre, 1896.

No. 27.

Sir P. Currie to the Marquess of Salisbury.—(Received December 25.)

(No. 498.)
(Telegraphic.) P. *Constantinople, December 25, 1896, 10·55 A.M.*

A COMMUNICATION has been made to the Porte in writing by the Russian Embassy, warning the Foreign Minister that if the Administration of the Public Debt is in any way interfered with the Russian Government will, in conjunction with the other Powers, require the establishment of an International Financial Commission under Protocol 18 of the Treaty of Berlin.

No. 28.

Sir P. Currie to the Marquess of Salisbury.—(Received December 28.)

(No. 1073. Very Confidential.)
My Lord, *Constantinople, December 23, 1896.*

I HAVE the honour to inclose a Memorandum by Mr. Eliot respecting a financial Report which has been prepared by Sir E. Vincent for presentation to the Sultan.

There can, I think, be litttle doubt that this Report is unduly optimistic, and that its effect must be to encourage the Sultan in his self-confidence and resistance to proposals for reform.

Sir E. Vincent's two suggestions for reducing the annual deficit (which is no doubt much greater than he admits) are both excellent. But it is doubtful if the

first—the reduction of the number of troops under arms—will be accepted by the Sultan; and the second—the prevention of contraband—demands for its effective execution a thorough reform of the administration.

It seems, therefore, likely that Sir E. Vincent will fall back upon recommending an increase of municipal taxation and the abolition of the sinking funds.

I have, &c.

(Signed) PHILIP CURRIE.

Inclosure 1 in No. 28.

Memorandum by Mr. Eliot.

SIR EDGAR VINCENT showed me yesterday a French document, which he informed me he intended to have translated into Turkish and present to the Sultan. His Majesty had asked him for his views on the financial situation, and the best measures for improving it, and he had accordingly prepared this Memorandum.

The document was obviously intended to inspire the Sultan with confidence, and to counteract pessimistic views as to the impossibility of continuing to administer the country without a foreign loan. It said that the finances of Turkey were more easy to deal with than those of any other nation, and that if Sir E. Vincent had met with no greater difficulties in Egypt in 1885 than those which confronted him now in Constantinople, he would have found his task much easier than it was. It also said that the amount contributed by the population in taxation per head is less in Turkey than in any other European country.

This statement, though clearly likely to give a most erroneous impression, may perhaps be literally true, for two reasons:—

1. The town population, particularly Christian, do not pay many taxes, and do not suffer from the oppression of the tax-collector.

2. In the rural districts the nominal tax is often not large, but the collectors take at least twice as much as they are entitled to. The value of currency in the provinces is extraordinarily fluctuating, even when not misrepresented by the dishonesty of officials. A cow is seized and sold for a mejidieh (4 fr.), and a peasant's whole property may be taken in satisfaction of a debt of a few francs, while it is triumphantly proved that he is contributing less to the State than he would in any other country. The tendency of the Report was to encourage the Sultan to maintain, if not to increase, the present taxes.

The irregularities in Turkish finance were said to be due to a great extent, not to the economic weakness of the Empire, but to the confusion of the Budget. In order to explain the present position, two Budgets were given, one that of the year 1306 (1890); the other called the "Budget Normal," representing the normal Budget since that date. These two documents are annexed. The Budget of 1306 shows a surplus of £ T. 230,760 (exclusive of extraordinary expenditure), while that of the five succeeding years shows an annual deficit of about £ T. 1,000,000. This, it is maintained, is the whole amount of the deficit, which can be easily removed. It is noticeable that in these Budgets the Civil List is put down at £ T. 700,000, whereas it is certainly much more, being, in fact, as much as the Sultan chooses to draw. Also, the deficit of £ T. 1,000,000 is made to appear the result mainly of an increase of the "emprunts divers et dette flottante," and of a falling-off in the customs receipts.

It may be remarked, parenthetically, that it is remarkable how little the disturbed and impoverished state of the provinces affects the revenues of the Treasury or the Public Debt. The reason is that, for financial purposes, the Empire depends chiefly on the Provinces of Brusa, Smyrna, and Salonica. The amount contributed by the five most flourishing provinces (in which the three mentioned are always included) usually equals that obtained from all the others, although they are about twenty-five in number. The Armenian vilayets are always poor, and, even in prosperous years, pay but little.

In order to remove the annual deficit of £ T. 1,000,000, Sir E. Vincent suggested two measures:

The first was the curtailment of military expenditure. In every other country civil expenditure exceeds the military. In Turkey the civil expenditure is £ T. 4,000,000, the military nearly £ T. 8,000,000, a phenomenon quite unparalleled in contemporary finance. The Ministry of the Interior is only allowed £ T. 758,000, which is a

ridiculously small sum for so large an Empire. At present there are about 400,000 men under arms. Sir E. Vincent suggested that this number ought to be reduced by half.

The second expedient proposed was the more effective prevention of contraband. At present smuggling of every kind is winked at; the Tribunals will not convict smugglers, and even the guards, whose occupation is to stop the smuggling of one commodity (*e.g.*, tobacco), will assist in smuggling another (*e.g.*, salt). To prevent this, the different kinds of guards (Régie, Tombac, Customs, &c.) ought to be united in one service, and strict orders to convict smugglers be given to the Tribunals. In this way an economy of £ T. 500,000 or more might be realized. In making this calculation the monopolies on spirits, petroleum, &c., seemed to be included, although they have not received the assent of the Powers.

No doubt, stricter measures against smuggling would increase the revenue, but probably any reform and purification of the Tribunals and other branches of the Administration concerned would require more drastic measures than are likely to be taken. Were it possible to render any Department of the public service honest and efficient, far greater savings than those contemplated by the Memorandum might be effected.

It is clear that those who would benefit most immediately by the proposed regulation would be the Régie and the Tombac.

Sir E. Vincent also told me that he intended to propose the abolition of the sinking funds, a measure which he had found worked satisfactorily in Egypt. In this way he thought about £ T. 700,000 might be saved. This proposition was not, however, mentioned in the Memorandum to the Sultan.

Constantinople, December 21, 1896.

Inclosure 2 in No. 28.

BUDGET 1306 (1890).

Revenus.			Dépenses.		
	Montant.	Total.		Montant.	Total.
	£ T.	£ T.		£ T.	£ T.
Dîmes	3,707,000		Liste Civile	..	700,000
Verghi	2,497,000		Dépenses Administratives—		
Douanes	2,185,000		Pensions	321,000	
Aghnams	1,700,000		Postes et Télégraphes ..	230,000	
Exonération militaire ..	832,000		Intérieur	758,000	
Temettu	776,000		Justice	381,000	
Divers	406,000		Finances	970,000	
		12,110,000	Douanes	233,000	
Recettes Administratives ..	..	2,238,700	Maliesnad	287,000	
			Mines d'Héraclée	63,000	
					4,093,340
			Dépenses militaires—		
			Marine	585,000	
			Gendarmerie	1,193,000	
			Police	131,000	
					7,864,600
			Dette et dette flottante ..	..	1,030,000
			Tademaide de guerre Russe ..	..	430,000
					14,137,940
			Surplus	..	230,760
			(Converted by extraordinary expenditure of £ T. 779,000 into a deficit of £ T. 548,240.)		
		14,348,700			14,348,700

BUDGET Normal.

RECETTES.			DÉPENSES.		
	Montant.	Total.		Montant.	Total.
	£ T.	£ T.		£ T.	£ T.
Impôts—			Liste Civile..	..	700,000
Dîmes	3,750,000		Dépenses militaires ordinaires—		
Verghi	2,465,000		Guerre	5,150,003	
Douanes	1,800,000		Artillerie..	625,000	
Aghnam	1,720,000		Marine	583,000	
Exonération militaire	883,000		Gendarmerie	1,193,003	
Temettu	711,000		Police	131,000	
Divers	409,000		Caisse Militaire de Retraites..	200,003	
		11,743,003			7,864,003
Recettes Administratives ..	..	2,218,700	Dépenses Administratives ordinaires—		
		13,961,703	Intérieur..	758,000	
Déficit	..	992,300	Finances	970,000	
			Justice	381,000	
			Douanes	293,003	
			Postes et Télégraphes ..	299,003	
			Mabeyneé	281,000	
			Defterkhané	122,000	
			Sheikh-ul-Islamat	217,003	
			Affaires Etrangères.. ..	171,000	
			Office de Santé	69,000	
			Mines d'Héraclée	62,000	
			Caravane Sacrée	43,000	
			Instruction Publique ..	37,000	
			Travaux Publics et Commerce..	27,000	
			Pensions et divers	324,003	
					4,050,000
			Emprunts divers, dette flottante et gar. Chemin de Fer	..	1,890,000
			Indemnité de Guerre Russe ..	..	450,000
		14,954,000			14,954,000

No. 29.

Sir P. Currie to the Marquess of Salisbury.—(*Received December* 28.)

(No. 1085.)

My Lord, *Constantinople, December* 24, 1896.

I HAVE the honour to transmit to your Lordship herewith extracts from the "Stamboul" respecting the institution of an Audit Office (Cour des Comptes) and of a Board of Superintendence for the Civil Service of the Empire, whose duty will be to control appointments and see that offending officials are removed and punished.

Whatever may be the value of these measures, they show that the Ottoman Government are anxious to create an impression that they are endeavouring to reform their administration and finances.

I have, &c.
(Signed) PHILIP CURRIE.

Inclosure 1 in No. 29.

Extract from the "Stamboul" of December 23, 1896.

LA COUR DES COMPTES.—Un communiqué officiel paru ce matin dans les journaux Turcs porte que la création de la Cour des Comptes instituée en l'an de l'Hégire 1281, sous le règne de feu le Sultan Abdul-Aziz, avait pour but d'assurer la marche régulière des affaires financières de l'Empire. Cependant on n'a pas constaté jusqu'à présent que cette institution ait rempli régulièrement les devoirs qui lui incombent.

Aussi le Gouvernement de Sa Majesté Impériale le Sultan considérant que les affaires financières constituent les bases de l'existence d'un État a-t-il décidé que la charge de Président de la Cour des Comptes serait confiée à un fonctionnaire expérimenté. Son Excellence le Maréchal Tewfik Pacha, ex-Ministre du Commerce et des Travaux Publics, réunissant toutes les qualités voulues, a été nommé Président de la Cour des Comptes. Son Excellence a déjà pris possession de son poste.

L'Iradé impérial promulgué à ce sujet a été communiqué à Tewfik Pacha. Sa Majesté Impériale le Sultan lui recommande spécialement d'exercer une surveillance de façon à ce que des dépenses inutiles ne puissent être faites.

Inclosure 2 in No. 29.

Extract from the "Stamboul."

LA HAUTE COUR.—Suivant les informations du "Hakikat," le Gouvernement Impérial se propose d'instituer une Commission à la Sublime Porte chargée de surveiller le choix des fonctionnaires, de s'occuper de leur état civil, de faire révoquer et punir ceux d'entre eux qui seront coupables d'abus, &c.

Les membres de cette Commission qui doivent être choisis parmi les hauts fonctionnaires de l'État, devront prêter serment de remplir consciencieusement les devoirs qui leur incombent sans se soucier d'aucune considération, et cela par-devant son Altesse le Grand Vizir, son Altesse le Ministre de la Justice et leurs Excellences le Président du Conseil d'État et le Ministre des Affaires Étrangères qui se trouveront au moment de la cérémonie en présence de Sa Majesté Impériale le Sultan.

No. 30.

Sir P. Currie to the Marquess of Salisbury.—(*Received December* 29.)

(No. 505.)

(Telegraphic.) P. *Constantinople, December* 29, 1896, 11·30 A.M.

LAST night's papers published an official Budget for the coming financial year. Such a publication is something quite new, and shows the effect which the concert of Europe is producing on the Sultan.

The totals of expenditure and receipts are put down under regular heads, and on an expenditure of £T. 18,429,411 (calculated on the average of the last three years) there is made to appear a surplus of £T. 81,912.

The chief reductions in expenditure are of £T. 1,183,093 on the Military Budget and £T. 50,000 on the Civil List.

No. 31.

The Marquess of Salisbury to Anthopoulo Pasha.

Your Excellency, *Foreign Office, December* 31, 1896.

I HAVE the honour to acknowledge the receipt of your note of the 21st instant, in which you convey a request from the Sublime Porte that Her Majesty's Government will communicate with the other Powers who have signed the Treaty of Berlin, for the purpose of fixing, in accordance with the stipulations of that Treaty, the amount of the tribute of Bulgaria, as well as of the respective contributions of that Principality, and of Greece, Servia, and Montenegro towards the Public Debt of the Ottoman Empire.

I have the honour to inform your Excellency that it is the desire of Her Majesty's Government that the Treaty of Berlin should be exactly fulfilled, and that, if for that purpose it shall appear desirable to do so, they will be ready to exchange views on the subject with the other Powers signatory of that Treaty.

I have, &c.
(Signed) SALISBURY.